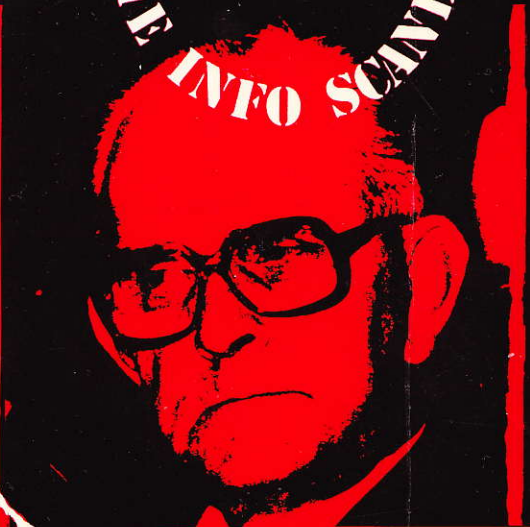
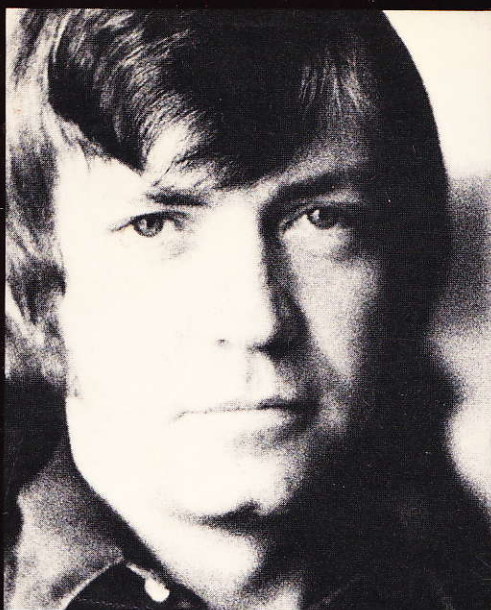


MULDERGATE

THE STORY OF
THE INFO SCANDAL

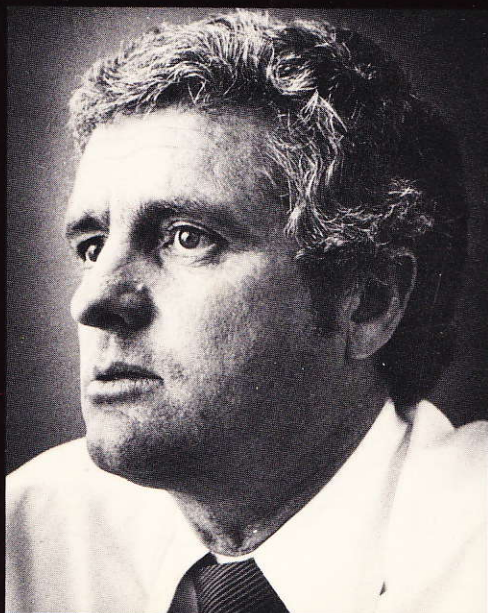


MERVYN REES
CHRIS DAY



MERVYN REES has been a crime and investigative reporter working in Southern Africa for nearly twenty years and with the *Rand Daily Mail* for most of that time. Without doubt the outstanding journalist of his kind in South Africa, he was joint winner with Chris Day of the national award for enterprising journalism in 1969 and has received honourable mention for this award on four other occasions. He worked exclusively on the Muldergate assignment for a full two years.

CHRIS DAY'S journalistic career in South Africa has spanned twenty-one years, spent mainly on the *Rand Daily Mail*, where he has been a city affairs reporter, feature writer and news editor and is now an assistant editor in charge of the newspaper's investigation team. He has worked with Rees on many assignments and acted as coordinator on the Muldergate investigation, during which he joined Rees in the hunt for Eschel Rhodie.



The Info scandal, or MULDERGATE as it came to be known, has been exposed in incomplete fragments by the Press over the past two years. Here for the first time the pieces of the jigsaw are fitted together and a comprehensive picture emerges of a sinister plot by men at the top to gain internal control of the country and of the secret five-year master-plan to buy South Africa's way into the international corridors of power.

We are taken behind the scenes by two *Rand Daily Mail* investigative reporters, Mervyn Rees and Chris Day, who followed a two-year trail through a twilight world of official secrets, arms dealing, front organisations and frightened informants to unravel the complex network of deceit which had at its centre a massive secret fund operated by the Department of Information. At the end of this time, they were the first journalists to track down Eschel Rhoodie, ex-Secretary for Information, to his hideaway in Quito, where he was living in self-imposed exile after his fall from power. There they realised that all their earlier investigations had uncovered only the tip of the iceberg.

In the course of four weeks' intensive interviewing, Rhoodie revealed a multitude of projects whose existence Rees and Day had not even suspected. He told them of slush funds, corruption and cover-ups, and of the triumvirate at the centre of power - himself, Connie Mulder (former Minister for Information) and General Hendrik van den Bergh (former head of the Bureau for State Security) - and spoke of his role as architect of a

(continued on back flap)

MULDERGATE

THE STORY OF
THE INFO SCANDAL

MERVYN REES
CHRIS DAY

M

This book is dedicated to:
Bernice Rees, Dave Rees, Olwen Rees, Nellie Day, Ffrangcon Day, Maud Day
...and to Myrtle

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FOREWORD

There is current in South Africa a popular corruption of Lord Acton's famous phrase. 'Power is marvellous,' the saying goes, 'and absolute power is absolutely marvellous.'

That epitomises the spirit which gave rise to the Muldergate scandal. The National Party Government had been in power for a generation, its huge majority increasing with every election until its position seemed unassailable. It was now under the direction of the most powerful and authoritarian of all the Prime Ministers, John Vorster, the man who had crushed the black opposition with his security laws and who was held in awe by the Party and most of the country.

In addition to the sense of political security which this induced, there was the fact that the funds for the Department of Information's secret operations came from the Special Defence Services Account—which is protected from scrutiny by the Defence Special Account Act. (Such was Vorster's sense of power that he authorised the irregular transfer of the money, without reference to the Treasury or Parliament). A further protection also lay in the Defence Act, which prevents publication of certain information relating to Defence matters without ministerial permission.

Later the protection was made stronger still by creating a special Secret Services Account, with a specific Act of Parliament to remove it from any public scrutiny.

Moreover, the Muldergate conspirators numbered among them the formidable General H.J. van den Bergh, Vorster's right-hand man and head of the Bureau for State Security (BOSS).

This they believed (wrongly as it turned out) gave them comprehensive protection for all their activities under the Official Secrets Act.

The men of Muldergate had other assistance, too, to help shroud their activities. They had the full co-operation of the Minister of Finance, Dr Nico Diederichs, who was able to bypass foreign exchange regulations and also use South Africa's gold resources to shift vast sums around in total secrecy and launder them through numbered Swiss bank accounts (themselves protected by Switzerland's Law of Secrecy) so that the source could never be traced.

And on top of all this, the blessing and protection of the boss man himself, John Vorster.

What possible danger could there be of the secret activities being exposed? Least of all by a South African Press that labours under a total of 101 Statutes that restrict its activities in one way or another, that had been heavily intimidated by the recent banning of two newspapers, the imprisonment without trial of an editor and the banning of another, and which had recently been forced under duress to accept a Press Council system that subjected it to constant and expensive harassment.

A Press which in any event was in a state of financial weakness, struggling

through a recession which had forced it to make staff retrenchments; which was under pressure from nervous proprietors to avoid dangerously antagonising the authorities; and which, moreover, was the target of Muldergate's most elaborate secret operation to capture and crush its most outspoken papers.

Could any group of conspirators anywhere in the world have felt more secure?

Given that kind of power and that kind of protection, and the weakness of the only conceivable source of investigation, what could possibly go wrong . . . ?

But they had reckoned without one thing. What Harold Evans, distinguished editor of the London *Sunday Times*, has called the most formidable investigator of them all—'the plodding reporter with simple truth as his guide'.

Muldergate, then, like Watergate, is the David-and-Goliath story of these indefatigable plodding reporters who won against the odds and exposed the wrongdoings of men in an all-powerful government who did everything they could to cover up their activities.

It is the story of the triumph of two great institutions of democracy which still survive, albeit in somewhat truncated form, in a country that is suffering from a creeping authoritarianism—a free Press and an independent judiciary.

And this particular story, this book, is the story of two of those plodding reporters who played a leading role in that triumph. They were not the only ones, not by a long chalk. Many others played a noble role, too, none more so than Kitt Katzin of the *Sunday Express*.

But for sheer volume and detail it was Mervyn Rees and Chris Day who probed the deepest—and ultimately blew the lid off the full extent of the Muldergate conspiracy.

Even more important, it is the story of how they, representing a newspaper which for 20 years has been the *bête noire* of the Nationalist Government, persuaded people within that Government and within the Nationalist movement to become their informants. Of how they talked people who had once dedicated themselves to trying to destroy the *Rand Daily Mail* into collaborating with it; and, ultimately, persuaded people they themselves had destroyed by their exposures into helping them make further exposures.

The supreme example of this was Dr Eschel Rhoodie himself, the central figure in the conspiracy. He had tried his utmost to destroy the *Rand Daily Mail*, we had succeeded in destroying him—and finally he wound up as *our* most important and prolific informant.

The Government and the newspapers which support it have long been puzzled about how we got these informants to turn against the cause they had served for so long and tell all to us, the 'enemy'.

The answer is simple. Many had reached the point where their consciences were tormenting them. Others were angry about abuses they had witnessed or suspected, and saw being covered up. Yet others were aggrieved that they had been made scapegoats, and wanted to tell their side of the story. One way

or another they wanted to get it off their chests. And when they did, they spoke to the *Rand Daily Mail* because they knew they could trust it.

Rees's and Day's reputation for preserving confidences and protecting sources spread ahead of them: the trust that one informant had in them was passed on to others.

Time and again when informants turned to us they said: 'We have always hated the *Mail*, but we know you will have the courage to pursue this thing to the end and to publish our side of the story, whatever the consequences.'

It is not easy to undertake such work in a country like South Africa. Not only are the odds great but so are the hazards. For two years these men chipped away, like miners at a rockface, knowing that at any moment they might trigger a pressure burst. As their story reveals, the atmosphere in which they were working was filled with fear. Physical fear. In addition to which they had an intense professional anxiety. They worked knowing that a single serious mistake in what they wrote—or even a single serious allegation they could not prove—could lead to the closure of their newspaper.

Seldom can newspaper reporters have worked under such a heavy burden of responsibility.

But they did not make a mistake—and for that I shall be eternally grateful to them!

There are others, too, to whom I must express my gratitude and respect. First and most important to the management of our Company, South African Associated Newspapers, and particularly the Managing-Director, Clive Kinsley. He knew the risks we were running with the paper, and it required courage of a high degree to place the trust in us that he did.

And then there are my fellow editors in the South African Morning Newspaper Group: Tony Heard of the *Cape Times*, Jimmy McMillan of the *Natal Mercury*, Harry O'Connor of the *Eastern Province Herald* and George Farr of the *Daily Dispatch*. Their papers shared the costs, which is the only way we were able to finance the investigation. But what is even more important, they shared the risks—without themselves being able to control or check what was being done.

Finally, the crunch question that is asked again and again: What did it all amount to? In a country which constitutes one of the world's great problems, was Muldergate really significant? Does it have any relevance to the likely course of events in South Africa, or was it just a mildly interesting domestic happening?

My answer is that it does have relevance—although that was not really our motive in pursuing it so vigorously. We went after it because it was a great news story, and that is our business. It was only incidentally that the political implications were contemplated.

These, I believe, are primarily psychological. Muldergate has shattered the image of leadership in the eyes of the traditionally patriarchal Afrikaner Nationalist *volk*. The fall of the father figure John Vorster and his heir apparent,

Connie Mulder; the discovery that some respected figures lied and others cheated; the shattering of the self-image of a stern, upright, incorruptible people, have all added up to a national trauma.

What will emerge from that trauma is still uncertain, but already there are signs that the old monolithic unity has been shaken up. There are new tensions and new cracks appearing. A new leadership has taken over and is moving in a more reformist direction.

But for me, as a newspaperman, perhaps the most significant thing of all is to be seen at a simpler level.

It is just this: Surely, in a country where the Press and the judiciary can still beat the odds to expose a massive government scandal and bring down the most powerful political figures, there must still be hope for the forces of peaceful change.

Johannesburg,
October 1979

ALLISTER SPARKS
Editor, Rand Daily Mail

PREFACE

'The time demands of us that we must tell the world what we have achieved'

The Prime Minister,
Mr B.J. Vorster

26.8.1967

This quote introduced *The Paper Curtain*, a book by Dr Eschel Mostert Rhoodie published by Voortrekker Press, in 1969.

The Paper Curtain concept was coined by Rhoodie to describe the fanatical 'hate South Africa crusade' being conducted by people, organisations and newspapers of the free world. In it, Rhoodie castigated them for distortion, suppressing news of positive developments in Southern Africa, employing double standards and grossly violating their own principles. 'The Paper Curtain differs', he wrote, 'in one important respect from Russia's "Iron Curtain", East Germany's "Wall" and Red China's "Bamboo Curtain" in that it is being drawn not by the people who are responsible for all the "evil deeds" of "apartheid", but by the very people who claim that they wish to introduce sanity and reason to South Africa.'

That book was to become the basis and blueprint of South Africa's world-wide secret propaganda war—a war in which no rules applied and in which Rhoodie erected his own elaborate clandestine curtain of deception. But instead, it conceived a scandal unprecedented in South African history—a scandal that was to topple the most powerful men in the country, the State President, Mr B.J. Vorster, and the man destined to succeed him as Prime Minister, Dr Connie Mulder.

In *Muldergate* we have attempted to tell, in as much detail as possible, our story of the scandal—of our own personal experiences with close-up views of the events and key figures who have dominated the headlines of the past two years. And while millions of words have been written about Muldergate, this book is primarily the story of the *Rand Daily Mail's* investigation; of its trials and tribulations as its journalists painstakingly collated the hundreds of pieces of a jigsaw puzzle that had been so carefully hidden away around the world. The last pieces of that puzzle have yet to fall into place. Indeed, many may never be found or fitted.

In telling the story of Muldergate, we have also been conscious throughout of the vital roles played by our competitors and colleagues who, in the finest traditions of the Press, contributed to unravelling the secrets and abuses of the former Department of Information. Colleagues such as Tony Stirling, Don Marshall, Brian O'Flaherty, Ted Olsen and Hamish Fraser. Much of the credit for prising open Muldergate belongs to them . . .

But even more important, Muldergate might never have been exposed had it not been for those people who became the Press's sources of information. Many were disillusioned disciples of an administration that got carried away

with its own power. Our informants, painful though it was to many of them, risked all and took us on trust when they talked of the secrets they had so jealously guarded. They are the real heroes of *Muldergate*, even though their names may never emerge. Indeed, in the writing of *Muldergate*, it has been necessary to protect those sources. Informants such as Myrtle and Daan. To achieve this we have on occasions, had to change identities and situations.

We are grateful to many people who assisted and encouraged us in the writing of this book: To Allister Sparks, the management of SAAN, and the editors of the Morning Newspaper Group who from the outset had faith in our ability to penetrate the veil of secrecy surrounding *Muldergate*, who so generously allowed us the time to complete the manuscript and allowed us to reproduce material and photographs published in the *Mail*, we are deeply indebted; to Kelsey Stuart, our legal advisor, who guided us through South Africa's legal minefield during both the investigations and the writing of the book—we are in awe of his professional skill and patience; we owe a special word of tribute, too, to our colleagues and co-investigators: Dave Hazelhurst, Stanley Uys, Lin Menge, Ian Hobbs, Martin Schneider, Hellen Zille, Roy Devenish, Jan Nel, Peter Bunkell, John Leask, Geoff Bridgett, Frank Smith, Richard Walker and Jayne La Mont. All of them, together with the many 'backroom men' of the *Mail*—reporters, photographers and sub-editors—contributed vitally to the success of the probe in many ways.

Our thanks go to Dr Eschel Rhoodie for giving us permission to publish photographs from his family album; and to the photographers of the *Rand Daily Mail* for allowing us to reproduce their photographs to illustrate *Muldergate*.

As novice authors we are indebted to Eleanor-Mary Cadell and Catherine Kentridge, our editors, for their patience, perseverance and sage advice in transforming our rough drafts into book form. Whatever defects there may be in the book will not have resulted from a lack of dedication or professionalism on their part. Our thanks, too, to Bernice and Morna Johns, who sat up night after night typing the drafts of *Muldergate*.

And finally, to our long-suffering newspaper 'widows' Bernice and Nellie, and our families who had to bear with us for two long, frustrating years and without whose support and encouragement this book could not have been written; we recognise and appreciate the sacrifices made by them over the years.

Johannesburg,
October 1979

MERVYN REES AND CHRIS DAY

MULDERGATE

1

THE SEARCH BEGINS

'If you take this thing on . . . it's going to be the toughest thing of your life . . .'

It was nearly midnight at Miami International Airport. The lean figure in the St Moritz sweater stood up from a table near the Braniff Airline counter. Mervyn Rees stretched out his hand and said: 'Dr Rhodie I presume?'

And so ended a search that had lasted months. A search which had turned investigative journalist Rees and his colleague Chris Day into international transit-lounge lizards—just like the man they had chased across four continents.

'So this is what you look like', said the hunted to the hunters.

Rhodie, architect of one of the most bizarre propaganda wars yet conceived, had slipped into the United States on a South African passport which had been withdrawn by his Government—a Government which he had tried to sell to a hostile world at any cost for most of his life . . . a Government which now both hated and feared him, and which had transformed him from one of the most powerful men in Africa into a stateless fugitive.

He was in Miami to meet Rees and Day to tell his story—a tale of dirty tricks, intrigue, corruption and cover-ups which was to rock immovable South Africa, topple President John Vorster and split the all-powerful Nationalist Government.

It was a series of disclosures that were to reverberate in the corridors of power in the United States, various African states, Britain, France, Holland, Germany, Norway, Japan, Israel and Latin America where Dr Rhodie had bought and sold opinion formers and decision takers from a massive slush fund.

Beside him was a briefcase which held copies of some of his secrets—the originals of which lay in two sealed bank vaults in Zurich and Cannes, with instructions that they were to be opened in the event of his meeting with an accident or being taken back to South Africa against his will.

The journalists realised that events had made Rhodie into a bitter and suspicious man when, in a sudden outburst, he said: 'Why should I talk to you? Why should I talk to anybody? I trust no one. Everybody's let me down. My friends, my Government, my country. I've even been told there are hit men out to get me and that one day I could suddenly have an accident and disappear.'

'The difference here', said Day, 'surely is that you cannot name a single South African journalist who has broken trust with an informant. In fact, many have gone to jail for this reason. You and your friends, on the other

hand, are ratting on each other and you are even too scared to go back to South Africa and face the charges against you.'

Rees added: 'We know how to handle this, I've worked on this assignment for two years. I've got hundreds of informants talking to me and only you know how scared many of them are. I've never let them down, so why should I start with you? Who else is going to tell your story back home anyway, but us? And if, as you claim, you are an innocent scapegoat and did not steal from the secret funds, your place in South African history needs to be put in the correct perspective. You must tell your story.'

The Rhodie smile came on. 'OK. We'll talk.'

But Muldergate did not begin nor end with that dramatic meeting with Eschel Rhodie at midnight in Miami in February 1979.

The story began, for the *Rand Daily Mail*, in August 1977 when Rees received a telephone call from Johan, an old friend and contact, saying he had somebody he wanted to introduce to the reporter.

As they sat and chatted in Johan's office in downtown Johannesburg later that afternoon, there was a knock at the door and in walked a burly, middle-aged man.

'Mervyn,' said Johan, 'I'd like to introduce Daan.'

Daan shook hands with a tight grip, exchanging greetings in a heavy Afrikaans accent.

'I've told Daan that you're looking for something to get your teeth into, Mervyn. He thinks he's got something for you.'

'Hold it a minute . . . not so fast,' said Daan, 'I'm not going to start blabbing away to someone I don't know. And certainly not to someone from the bleddy English Press.'

It took two hours of smooth talking by Johan to get Daan to relax and accept Rees's bona fides. The three men finally agreed that what they discussed would be confined to them alone at that stage. And they would protect each other's identities at all times.

Daan, it turned out, was a highly placed civil servant. He was shrewd and tough.

There was corruption in high places, he said. A lot of money was involved. Top people in government were not what they seemed. A personality very much in the public eye would not stand much scrutiny, he hinted.

Quiet questioning by Rees elicited from Daan that most of the scandal was to be found in the Department of Information, and he named a woman who had been the mistress of a leading National Party politician.

Daan said: 'If you take this on . . . well, it's going to be the toughest thing of your life. Even with my contacts and links in Pretoria I know only the barest details. This is not going to come out easily . . . there's too much at stake.'

Daan turned to Johan. 'If this man's any kind of friend of yours you'd better tell him to watch his back.'

They arranged a further meeting, with Daan setting the pattern of their future relationship by making Rees remain in Johan's office as he left. 'Don't contact me,' he said. 'I'll contact you.'

At the time of the first Daan meeting, Rees was working as head of the *Mail's* investigation unit under the direction of assistant editor Chris Day. Rees hurried back to the newspaper to tell his colleague what he had heard.

The two journalists had worked together on many *Mail* investigations and in 1969 were named joint South African enterprising journalists of the year for their months of undercover work into drug abuse among teenagers in Johannesburg. They made the classical good guy-bad guy team: Rees would make the initial contact with an informant; Day would follow through and hammer with aggressive questioning; and Rees would then smooth over ruffled feathers.

Rees is a soft-spoken 36-year-old crime reporter and investigator whose strength as a journalist lies in a quiet and persuasive manner coupled with a reputation for absolute integrity. This combination allowed him to function for 12 years on the *Mail's* crime beat, earning him the respect and confidence of dozens of police contacts and a bundle of scoops besides. Rees's efforts were all the more remarkable because his newspaper must be rated, in government circles, as the most hated institution in South Africa. The newspaper has the reputation for helping the underdog and for fearless investigative work, and Rees was a symbol of that reputation in the 60s and 70s.

Rees and Day talked over Daan's information, had a meeting with their editor Allister Sparks—and the *Mail's* Muldergate investigation was launched. It was to last for more than two years and span four continents.

Rees would be the field man and Day would oversee the operation. And both men would work under Sparks's direction. Absolute secrecy would be enforced in their newspaper, a known target for the placing of government spies. Not even senior colleagues would be briefed.

Rees started really cold on the assignment. Most of his investigative work had been done outside the political arena, so his contacts in this area were minimal. It was obvious, though, that the way into the story was to look for people who disliked Eschel Rhodie—and there were many of them. A man who moves that fast keeps very few friends. And so Rees headed into Pretoria, home of the South African civil service corps, a breeding ground for small people in small jobs, people working on important matters and getting little pay, people tucked away in tiny offices seeing large secrets, people wanting to feel important. Rees realised from his meetings with Daan that whatever there was to dig out would not come from the central figures. He knew, too, from his dealings with underworld people on other investigations that you start on

the outside with the minnows and then work your way into the deep waters where the big fish swim.

Central Pretoria abounds with massive buildings housing most of South Africa's 500 000 civil servants. The departments and government control boards are endless. The Bureau for State Security; the Reserve Bank; the Department of Water Affairs; the Maize Board; the Dairy Board; the Bean Board; the Department of Community Development; the Department of Justice; the Department of Inland Revenue; the Department of Plural Relations; the Department for Coloured Affairs . . . it just goes on and on. It was, in fact, one of the many ironies of Muldergate that Mr Justice Anton Mostert was to do his hatchet job on the whole mess at a Press conference in Abattoir House which provides shelter for those civil servants whose job it is to control the slaughtering of animals in South Africa.

Again, Rees soon realised that it was not necessary to begin with the Department of Information because there is so much movement between departments by personnel. So he looked outside and struck a vein of gold within the Council for Scientific and Industrial Research (CSIR) which is housed in a huge complex with extremely tight security on the outskirts of Pretoria.

Rees made contact with the beautiful wife of a well-known South African sportsman who had joined the CSIR after leaving another government department. Rees had heard that the woman had had an affair with one of the senior officials in the Information Department and had left her job when the whole thing turned sour. Although scathing about the 'goings-on' in Rhoodie's kingdom, she was very scared about talking.

'You've got no idea how these people have a way of finding things out', she said to Rees. 'Why have you picked on me? Who told you about me? I still work for the Government. I'm finished and klaar if anything comes out.'

The Rees technique came into play. 'Look', he said, 'I don't want anything for publication. I'm trying to get a picture, that's all. I want to feel the atmosphere. I want to know a little about the people, how they talk, what their hobbies are, do they smoke, when do they take tea breaks. All that sort of thing.'

It started to bubble out. 'They're a lousy bunch! They wheel and deal. They don't care about hurting people.'

Rees: 'Who have they hurt?' Then came three names, all women.

Rees went calling again. This time she worked as a secretary at an Afrikaans business house. 'But why do you want to see me, Mr Rees?' she asked, crossing an elegant leg and reaching for her Tio Pepe at the ladies' cocktail bar in the Boulevard Hotel. 'Mervyn', he said, 'the name's Mervyn'. 'OK Mervyn', she said, 'call me Trixie.'

Trixie had quite a bit to tell. She had worked as a secretary in the Department of Information and had done several 'dirty tricks' for her boss, Eschel Rhoodie. 'You must understand about that man', she said, 'he works and plays hard. But he gets you to do the same for him. He's good-looking, almost Latin. He's easy to get on with at the start and he makes you feel important,

so much so you'll do anything for him. He never forgets a typist's birthday and never fails to give you a little something as a reward for working late into the night.'

Trixie first met Rhoodie when he was a relatively junior officer working out of the Department in Pretoria. He had consistently impressed his colleagues in Australia, Europe and now Pretoria with his cool mind, his incisive grasp of detail and, most of all, his single-minded devotion to the task of promoting two things—South Africa and himself. In a Department full of creative and often prima-donna-ish officials, he seemed to represent all the desirable qualities of a South African information officer. He neither smoked nor drank, rare attributes in the diplomatic world in which he moved for so long. His marriage to an Afrikaans girl of Italian extraction was happy and they made a handsome couple.

Trixie was very impressed by Rhoodie. 'I was secretary to a senior official at the time, but you somehow always found time to do bits and pieces for Eschel in those days. He was obviously going places and he was one helluva change from the fuddy-duddies who seemed to pour out of the woodwork of the Department in the late 1960s.'

Rhoodie had then moved to the United States, but Trixie was soon to hear from him again. He asked her to keep him informed of 'developments' in South Africa, because what he got in Washington from back home was often a highly edited version of the real situation. He asked her to do this by way of letters, which he insisted she should post to him via a friend in New York under a code name.

'I'm sure I was a little in love with him', Trixie said, changing her drink from sherry to brandy and ginger ale. 'I also knew what he meant by "developments" in South Africa. He wanted to know how things were moving in the office in Pretoria, who was doing what, who was saying what, who was coming, who was going. He wanted to know, too, how government policy was progressing. The little things, but those things that count.'

Trixie provided Rhoodie with just that service. With unerring instinct he had chosen exactly the right person. Recently divorced, lonely, needing someone to appreciate her value, Trixie sent her coded letters to New York with information right out of the cabinet room.

However, the Trixie connection came to a very abrupt end. The New York contact's wife got suspicious. Thinking her husband was getting love letters from South Africa, she opened the envelope. The contents shattered her. Word got back to Pretoria and Trixie left the Department.

'I think those letters really helped Eschel. They gave him that edge over the others. That's how he worked. Just a little bit faster, and that much cleverer, than the others.'

Trixie told Rees: 'Of course, I've never heard from him since.'

Women, in fact, played a prominent role in Muldergate, adding enormous colour to an already lurid tale. For many months newspapers delved into the private lives of some of South Africa's most prominent politicians and key

personalities in the Info scandal. What emerged was a picture of moral hypocrisy in which absolute power acted as an aphrodisiac to men who used their influence to seduce women both in South Africa and abroad.

On the Pretoria cocktail circuit, Rees was hearing all sorts of speculation and talk about vast sums of government money hidden away in Europe, government-in-exile gold bullion dumps in South America. Good gossip, sure. But where were the facts? What could be published? Rees, Day and Sparks held meetings, pushed ideas around. Pricking, pinching, prodding—but nothing crystallised. At an early stage in the Muldergate investigation Sparks had to decide on a policy for publication of the material gathered by Rees and Day.

He put it this way: 'Because of the *Mail* being such a highly visible target in the Government's eye, we had to adopt a more circumspect approach to the news than other newspapers. We couldn't simply apply the normal rules to a great news story—we couldn't simply publish information as we got it. There were a number of reasons for this, and it must be understood that all this was happening against the background of the recent banning of the *World* newspaper and its editor, Percy Qoboza, as well as the banning of Donald Woods over the Biko affair.

'It was my belief, and so many subsequent events proved me right, that we had to gather the full story—and then publish all the material. The full impact of this would be such that the Government could not then have taken action against us. Public opinion would have been on our side.'

The hardest news thus far that Rees had unearthed was that the Auditor-General had begun a 'routine' but high-level audit into the affairs of the Department of Information specifically about the publication of a book, *Stepping into the Future*.

The probe led to a parliamentary select committee deciding that although there had been violations of financial procedures, the State had suffered no loss. The committee chairman, Nationalist MP, Hennie van der Walt, had some unflattering things to say about the management of the Department of Information and it was recommended that the Department be made the subject of a further financial probe.

Rhodie's flamboyant management style came into public view. Rees and Day began to urge Sparks to get some of their 'colour' stories published. Rees's minnows had told him some great stuff: there was the story about a special trip to the Polar ice cap for a unique South African-style braai (barbecue) under the Arctic sun; of trips to Britain to coincide with Wimbledon; of a special flight to the Olympic Games. But Sparks stuck to his guns: 'You haven't got enough yet. Don't shoot until you can see the whites of their eyes.'

Of course, Rees was not just sipping cocktails with former Info beauties. He was working round the clock, still very much on his own in the field. A snippet of information here and a bit there would lead him to South Africa's central registry for all companies, in Pretoria, as he painstakingly tried to put

together some kind of picture. He and Day began to realise that there was a network of front organisations—many of them posing as commercial companies. But who was behind them? Who was financing them? And what were they doing? The complexities of the position in 1977 were enormous when you consider that one single Rhodie agent, Jan van Zyl Alberts, was a director of dozens of companies—many of them fronts for Info.

And once inside the Companies Office in Pretoria, Rees found his search widening every day. Each company that he examined produced 10 new ones to be investigated. Eventually, there were dozens of companies and hundreds of names. The companies, any one of which he believed could provide the breakthrough he needed, stretched into every imaginable field—from film-making and printing to finance, property and insurance. But even then, knowing that the central characters were directors of companies did not prove a thing.

In one company, Lotandanya (Pty) Ltd, a search of the share registers established that the two directors were van Zyl Alberts and John McGoff, a millionaire American publisher, later to emerge as a key figure in Muldergate. Another company investigated was C.J. Weyers (Pty) Ltd of which van Zyl Alberts held 25 shares. The other shares were held by Protea Land Company Limited, Cayman Island Corporation, with a further address of Cayman Islands, British West Indies. Telephone calls to the registered office on the island to establish the links proved fruitless and it became obvious that this line of investigation was a cul-de-sac for the *Mail*.

Although the Press flak was relatively minor at that stage (October–November 1977), Rees and Day were most impressed by the way in which Rhodie was standing up to criticism. It was obvious he was confident that he would get through without too much damage to his career. After all, the publicity so far had been described by Rhodie's mentor and Minister, Dr Connie Mulder, as 'nothing more than a storm in a teacup'. (Cartoonists were later to depict Mulder hanging desperately onto the rim of a giant, heavily cracked teacup, floating in the middle of a raging sea.)

Rees, who had never met Rhodie (and indeed he never did until that Miami encounter in 1979), decided to test the water by sending a former colleague and long-time friend of Rhodie, Alton Berns, to see him. Rees briefed Berns: 'See if there is anything more here than meets the eye. Tell him you're seeing him as a friend to warn him that the Press are onto him. Say we know that millions are missing. See which way he jumps.'

Rhodie reacted in typical fashion. He went on the attack. 'Tell those bastards I know about them. Tell them I have tape recordings of them. Tell them I know what they're trying to do. Tell them to go to hell.'

Rhodie had, of course, every reason to feel confident. His power base was enormous. In the first place he believed that his clandestine operations were guarded by the Official Secrets Act, which carries very harsh penalties for transgressions. He knew, too, that the three most powerful men in the

country—Prime Minister John Vorster, heir-to-the-throne Dr Connie Mulder and chief of the Bureau for State Security (BOSS), subsequently renamed the Department of National Security (DONS), General Hendrik van den Bergh—were not only behind him, but they all had far too much to lose if the secret projects were blown.

Rhodie was particularly close to Mulder. Although Mulder was formally his Minister, they were also 'house friends' and Rhodie was very firmly attached to the Mulder flagship, which was tipped to take over the premiership as soon as Vorster retired (in 1977 this was imminent as his health was failing under the strain of more than a decade in the country's top office). Mulder was the Crown Prince. He had everything going for him: he was leader of the ruling National Party in its most powerful province, the Transvaal; he was extremely well thought of by the Afrikaanse Broederbond, the secret society which wields great influence on the Government through its members, who hold key positions in all sectors of South African life; he was a leading figure in the Afrikaans church, a prerequisite for any successful Afrikaner Nationalist; he had two influential Cabinet portfolios—Interior and Information: the former gave him control over the country's morals because the application of South Africa's stringent censorship laws fell to him and the latter put him in charge of the Republic's propaganda war. And, as will be shown later, Rhodie and Mulder were using the Department of Information to launch Mulder's diplomatic career throughout the world in preparation for his taking over the premiership.

Rhodie's other trump card was General Hendrik van den Bergh, for years John Vorster's right-hand man. Van den Bergh was in a unique position in South Africa: he was, he says, Vorster's eyes and ears. 'Nothing', he says, 'happened in South Africa without me knowing about it.' As head of BOSS, he was the centre of all intelligence-gathering and had a wide network of agents throughout the world. But he was not simply a gatherer of information: he was Vorster's advisor on all matters of importance. He was, too, very close to Rhodie. 'They are like twins', Daan told Rees.

Vorster was the most powerful of them all. Since taking over from Dr Hendrik Verwoerd, he had built up an unprecedented following both for the National Party and for himself as Prime Minister. He was, as Sparks wrote on many occasions, the De Gaulle of Southern Africa.

Rhodie was part of this team, an 'A' team if ever there was one. He knew it, and Sparks, Rees and Day knew it also.

Rhodie felt, too—quite wrongly as it later turned out—that the secrets of his empire were safe because he had operated them on the communist cell system, that is, with only a few people knowing the total picture. And those in key positions in his Department has been carefully chosen: his two deputies were his brother, Deneys, and his bosom friend, Les de Villiers (code-named Dirty Harry because of his predilection for beautiful women). This trio, together with a team of hand-picked secretaries, a security officer and a special

accountant, ran what Rhodie called the 'planning' operations of his Department. To the outside world, it looked as though Rhodie was conducting an aggressive, sometimes offbeat propaganda war on behalf of his country and government. To the others in the Department, the 'planning' section was referred to as the 'G' department—'G' standing for *geheim* (secret).

This was the background situation in Information when Vorster suddenly announced on 20 September 1977 that he was calling a snap general election for 30 November—eighteen months earlier than was required by law. It was partly, he said, to give the electorate the chance to add its voice to government protests against international 'meddling' in South African affairs. There were many ironies to this, because as it was later to come out, the Vorster-Mulder-van den Bergh-Rhodie team were covertly meddling in the affairs of a dozen countries.

In the hurly burly of general-election time, newspapers turned away from Rhodie to record the biggest National Party triumph of all time.

2

THE SMIT MURDERS

'Smit shot four times, Mrs Smit shot three times, stabbed fourteen times ...'

One of the reasons for this massive victory (134 out of 165 seats) was the large number of English-speakers who voted for the National Party. And again, the newly launched *Citizen* newspaper played a significant role in this phenomenon. At the time of its launch (7 September 1976), under the ownership of Afrikaans millionaire, Louis Luyt, there was much speculation (and as many denials) that the Government had financed the paper to give it its first voice in the English community. The newspaper was aimed particularly at the *Mail*, public enemy number one in the eyes of the ruling party.

Shortly after its launch, the *Citizen* was boasting of a 90 000 circulation. The then editor of the *Mail*, Raymond Louw (he was to take the *Mail* to record circulation figures despite the *Citizen* onslaught), simply did not believe it. He had received a report that thousands of copies of the *Citizen* were seen at a wastepaper depot, and decided to set up an editorial investigation team to scrutinise the *Citizen's* distribution system. The team was headed by Koos Viviers, then Assistant Editor and later to become Deputy Editor of the *Sunday Express* when it was a front-runner in the Muldergate exposés. On his team were Chris Day (then news editor), Mervyn Rees (then chief crime reporter), Jan Nel (then picture editor), Mike Ndlazi (reporter) and Allan van Rooyen (then news photographer). What followed was extraordinary.

The object of the exercise was simple: to establish the print order over a period of days and then find out what happened to the copies printed. To do this as an outsider, especially from the enemy camp, was a formidable task. Viviers decided to set up an observation post outside the *Citizen's* printing works in Doornfontein, a decaying industrial area on the outskirts of downtown Johannesburg. The squad hired a Kombicamper and parked in the street, directly in front of the open entrance where the newspaper was loaded off conveyor belts into vans and trucks for distribution.

The first time out, it was, as Snoopy is wont to say, a dark and stormy night. The camper arrived at 10 p.m., curtained and steamy, as the Viviers squad crouched inside.

Soon afterwards hundreds of newspaper-sellers arrived and trucks started streaming in to get their newspapers, their headlights splashing on the Kombi.

Discovery seemed imminent and would have been disastrous. It would have been a very embarrassed *Mail* team to have emerged with their powerful binoculars and calculators. 'Just keep your heads down, boys, and shut up', Viviers growled as one of the sellers leaned nonchalantly against the front door, while carefully trying the door handle in a bid to steal whatever he could find inside. Viviers leant forward cautiously, pressed the lock button and the door held. It would have been anybody's guess who would have had the coronary first if the door had opened—the newspaper-seller or the journalists.

Operation Kombicamper was abandoned, and Viviers moved his force to the top of a dingy block of flats overlooking the *Citizen* dispatch area. The plan was to count the number of plastic-wrapped bundles as they came off the chute and so determine how many newspapers were being printed. On the first night out, Day had moved off the roof of the building onto a top-floor balcony to one of the flats in the building, when the door suddenly opened. Looking up from his Zeiss binoculars, he saw a very frightened woman in dressing-gown and curlers. Her fear was understandable: Day was dressed in black, only his eyes showing out of the balaclava which covered his face and head. 'So sorry, madam', he said. 'But we're trying to catch newspaper-sellers stealing newspapers down there.' A cup of Rooibos tea later, and half the team were in the flat and the other half on the roof. And so it went on night after night. Counting thousands and thousands of newspapers.

But a strange thing was happening. At a certain time early each morning, a hired truck would pull up and load thousands of copies of the *Citizen* and stay there long after all the other trucks had left. 'This is it', said Viviers. 'That's the one we go for.'

The truck had to be followed, but each day it took a different route. The *Mail* team acquired walkie-talkies and deployed cars on the routes taken by the truck. In this way the truck was kept under observation from the time it left the dispatch area until the time it offloaded the newspapers. After a two-month operation they had discovered that up to 30 000 copies of the *Citizen* a day were being 'dumped' without ever being put out for sale. They were dumped at a wastepaper depot and on a farm called 'Kromdraai' (crooked turn) near Klerksdorp about 90 km from Johannesburg. On one occasion the team followed the truck to the wastepaper depot. Watching from a factory opposite while dressed in white overalls as workers, they saw the transfer to another truck, and followed that truck to an asbestos factory in industrial Alberton 20 km away, where the newspapers were used to make pot-holders for plants. Photographs were taken of the dumping operation.

But who owned the Klerksdorp farm? A local attorney was instructed to find out. He came up with a name, but it meant nothing at the time. It was only a year later that, quite by accident, the team discovered that the farm was owned by Louis Luyt himself, and that the man whose name the attorney had been given was the foreman, or manager, who was a relative of Luyt's. Viviers, Rees and Day believe that had they gone into this more deeply they could have

published the story. This would have applied great pressure to the secret-funding fabric of the *Citizen* and could have led to its exposure—in 1976 and not in 1978 when the *Citizen's* cover was finally blown.

In the weeks leading up to the general election of 30 November 1977, the *Rand Daily Mail's* investigation into the Department of Information went into neutral. The news-gathering demands on the staff were increased by the election campaigning and working exclusively on a single investigation became impossible. Rees, too, was running into problems. He seemed to have got as far as he could go with people like Daan and Trixie. He was going round in circles.

And then early on the morning of 23 November 1977 Rees heard his Pageboy bleep next to his bed. There was a message from his newsdesk: Come in immediately, there's been a murder. Rees phoned deputy news editor Frank Smith. 'What's all this about, Frank? You've got crime reporters to handle murders. I've got several appointments lined up for today.'

Smith said: 'The National Party candidate for Springs and his wife have been murdered. We want you to handle it.'

'No ways, Frank. I've got an exclusive interview lined up in Rustenburg with that chap who is charged with murdering his wife by pushing her car off Bain's Kloof, and then a whole lot of other things as well.'

Rees called Day: 'Get them off my back, Chris, I've lots else to do.' Day called the news editor who insisted that Rees was the right person to handle the assignment, so Day switched Rees's assignments and he headed out for Springs.

When Rees arrived in Springs, a typical South African mining town that had sprung up in the heady gold-rush days but had since diversified into industry, he headed straight for the small suburb of Selcourt.

He was still irritated at the change of assignment, but within minutes of arriving at the neat home in the quiet suburban street he had forgotten his annoyance. Johan Buys, the *Mail's* East Rand representative, was already at the scene—together with local newsmen and the usual array of policemen who flock to the scene of a big crime.

'It looks like it's a big one. Thank God you've come to help', Buys, a camera slung round his neck, said as he greeted Rees.

For the next few minutes Buys outlined the few details he had already picked up. 'The victim is Dr Robert Smit. Both he and his wife are dead. All I know is that some of the neighbours claim they heard shots last night. The bodies were found by Dr Smit's driver, who's sitting over there', Buys said, pointing at a middle-aged African man sitting on the lawn outside the house.

For the next two hours the journalists closely questioned neighbours, servants and policemen as they waited for the district surgeon, detectives, photographers and fingerprint experts to finish inside the house. It was only

then that Rees realised who Dr Smit was. Not only was he the Nationalist Party candidate in the forthcoming election, he was being tipped as a possible future Minister of Finance.

The police examination completed, Brigadier J.B. Wiese, the Divisional Commissioner of Police, then addressed waiting newsmen. The details were skimpy. The couple had been found at 7 a.m. that morning, he said, and both had been shot and stabbed. The police could not say at that stage what was the motive for the killings. Nor, he added, could doctors determine the exact time of death. Although shots had been reported by neighbours, there had been a violent thunder and rain storm the night before and it was not yet clear what they had heard.

Rees asked for permission to enter the house, and after a hurried conference with detectives, Brigadier Wiese agreed and Rees was escorted into the modest home.

Rees, a hardened crime reporter who had been to the scene of dozens of murders, was not prepared for the sight that greeted him: 'Blood seemed to be everywhere. Dr Smit, shot three times in the neck, head and chest, lay in a pool of blood in a passageway leading to the bedrooms. His body must have fallen and lain in the entrance hall, but had then been dragged around the corner. His attractive wife, Jeanne-Cora, had been both stabbed and shot and was found about two metres from her husband's body. She was kneeling near the telephone in the lounge and is estimated to have been stabbed 14 times about the body, as well as shot once or twice.'

He also noted: 'Apart from the bloodstains in the entrance hall, dining-room, lounge and passageway, there are no signs that the house has been ransacked or broken into.'

Rees, carefully avoiding the pools of blood as he worked his way through the house, entered the kitchen and noticed for the first time that huge red letters had been spray-painted on both the walls and refrigerator. The letters, apparently applied with a red aerosol paint, added a bizarre touch to the scene—but meant nothing to him. Either 'RAU TEM' or 'RAU TEN'—they had apparently been hurriedly applied. Rees, his mind racing, wondered what they stood for. Could the Smits have tried to leave a message? But then where was the aerosol can that had been used? Detectives hovering in the background said they could find no sign of any aerosol can. They, too, could offer no explanation for the graffiti. Could it be that these were senseless murders styled on the grim Sharon Tate killing in Los Angeles by Charles Manson's band of followers? Rees recalled that the film of the Manson slaying, *Helter Skelter*, had only recently been on circuit in both Johannesburg and its neighbouring towns. Detectives refused to speculate.

And then the police added a new fact. It was a slender clue, they said, but their enquiries had established that Dr Smit was to have met someone at his home at 9 p.m. the previous night. He had also told friends that he was having an in-house electoral meeting on the night of his death.

Dr Smit's driver, Mr Daniel Tshabalala, added another mystery to the puzzle. When he had arrived at the house, to discover the bodies, he had noticed that Dr Smit's Mercedes Benz was standing in the street outside the house—and not in the driveway where it was normally parked. Neighbours were not able to throw any light on the time of death. One neighbour, said to have heard gunshots at about midnight, refused to talk to the Press.

Police later added that they estimated the time of death at about midnight, but said they believed Mrs Smit had been killed before her husband and that the killers had then waited for him to return home—ambushing him as he entered the house.

'That would account for the bullet hole in the wall near the front door. Then they dragged his body around the corner. Now we are trying to establish if anything is missing from the house', Brigadier Wiese told Rees later that night. He refused to speculate on whether the killings might have been politically inspired.

Rees at the time said it was unlike any murder he had ever covered. It bore all the hallmarks of a professional killing—yet the vicious stabbings were a typically South African means of killing.

Much later, at the inquest, the following emerged: Smit and his wife had been shot at point-blank range. There were powder burns around some of the wounds. Smit had been shot four times—in the back of the head, and in the neck, chest and back. He was also stabbed in the back. Mrs Smit was shot three times—in the head, chest and right thigh. She was also stabbed fourteen times in the back. Dr Smit had small cuts in the temple and a black eye. His mouth, throat and nose were stained with blood. Mrs Smit had gunpowder marks on her left hand, indicating that she had put up her hand to defend herself when she was shot in the head.

Dr Smit's chauffeur said he had driven Mrs Smit home from the National Party's offices in Springs shortly after 6 p.m. on 22 November 1977. Mrs Smit went into the lounge and sat in front of the TV set, which was on. When he left to go to bed in a neighbour's backyard room, Mrs Smit locked the door behind him. About seven the next morning he knocked at the door but got no answer. He found the door unlocked and went into the house. When he saw the two bodies he ran to a neighbour, Mrs Julie Hobbs, who phoned the police.

Mrs Hobb's daughter, Liesette, 16, said that on the night of the murder she was in her garden between 6.30 and 6.40 p.m. 'I saw a white man and a woman on Dr Smit's verandah. I could not recognise the man and do not know if the woman was Mrs Smit or another person. I was not so near as to be able to recognise the two people. I did not look at them specifically, but just saw them cursorily', Miss Hobbs said.

Mrs Yule Kotze, wife of Mr Martiens Kotze (former chairman of the National Party's divisional council) said Dr Smit had phoned her on the night of the murders and asked if her husband was at home. She told him Mr Kotze had phoned that afternoon and said that nothing was on for the night. 'I told

Robert my husband was not back yet and it was getting late. I had assumed that my husband had not been to the National Party offices yet. I told Robert to enquire whether my husband was at the Party offices. He said he was not there.' She heard no background noises to indicate there were other people at the place Dr Smit was phoning from. 'Dr Smit told me there was a man who wanted to speak to my husband urgently. He, however, mentioned no names. I asked him how he was, and he said jokingly that his feet would not carry him and his head was no longer clicking. The conversation ended there and Dr Smit was completely at ease.'

Mrs Sarah Lombaard, a receptionist at the National Party offices during the election campaign, said she received a telephone call about 3.15 on the afternoon of the murders. The caller said he would like to speak to Dr Smit about politics and asked whether it was possible to see Dr Smit that night. The caller said he lived near Dr Smit, and the receptionist told him that she did not know whether Dr Smit had already made an appointment but would put him through in order to make the arrangements.

'At the start of the conversation the caller told me he was a Mr McDougall. I put him through to Dr Smit.' Mrs Smit phoned Mrs Lombaard at about 7.14 p.m. that night and asked whether Dr Smit was still at the office. Mrs Smit told her to tell Dr Smit his guests were waiting. (Those guests have never been traced.) Mrs Smit was in a good mood.

Mrs Esther Diale, a domestic servant employed by Dr Smit's neighbours, said she was watching television in her employer's lounge on the night of the killings. 'Just after the news at 11 p.m. I heard a shot and another one three minutes later. I paid no attention to them . . . and went to bed at about 11.45 p.m.'

The inquest magistrate found that the couple had died of multiple bullet and stab wounds at the hand of a person or persons unknown.

When Rees returned to the *Mail* offices on the day the Smit bodies were found, he received a telephone call. 'Mervyn', the voice said, 'it's me.' Rees recognised the heavily accented voice immediately. It was Daan. 'Mervyn', he said, 'what's all that business out at Springs?' It was the first time Daan had called Rees directly.

'Smit and his wife were killed.'

'Ja, I know that, but why were they killed?'

'I've got no answers. Have you?'

'No, but be careful.' And the phone clicked off.

The Smit murders made sensational news. Only the headlines were bigger than the tributes which flowed in for Dr Smit—among them from the State President, Dr Nico Diederichs, with whom Smit had been associated at IMF meetings in Washington where he had worked for three years; the Prime Minister, John Vorster; the Minister of Finance, Senator Owen Horwood; and the leader of the National Party in the Transvaal, Dr Connie Mulder.

The nation was shocked. Coming on top of the civil disturbances of the riots

of June 1976 and June 1977, as well as a spate of attack on 'leftists', people were asking: where will this spiral of violence end? The backlash against the Opposition Progressive Federal Party was very great indeed, particularly in the Springs constituency. But Rees had other worries.

Much of the unsupported information he had received while talking to Pretoria's civil servant minnows included reports of illegal movement of large amounts of currency out of South Africa. Was there a possibility that Dr Smit, who was a government monetary expert, had uncovered something and that this had cost him his life?

Rees was not alone in this kind of speculation. Both English and Afrikaans newspapers carried this kind of report: Smit was negotiating a R1 000 million Swiss bank loan when he was killed; Smit was investigating a foreign currency racket and had made it known he meant to expose the swindlers; a prominent Johannesburg businessman had gone into hiding because of his links with Smit; a Czechoslovakian scientist was being questioned by the police; a businessman, Harold Holtman, of Randburg, near Johannesburg, who apparently committed suicide in controversial circumstances, was said to have had close links with Dr Smit and was named as a member of an Afrikaner group being formed to investigate corruption.

The speculation was not confined to South Africa; months after the murders, two top South African Reserve Bank officials, Chris Stals and Chris de Swardt, flew into Washington for urgent meetings at the IMF headquarters to discuss repayment of IMF loans—only to find themselves embroiled in questions relating to investigations into the Smit double killing. And Dr Pierre Groenewald, then delegate to the IMF, was embarrassed by a report in the London-based magazine, *Euromoney* which said he had been quizzed informally on the subject at an IMF meeting; South African Finance Minister, Owen Horwood, soon after the *Euromoney* article appeared, described as untrue and irresponsible, allegations that money was leaving South Africa illegally with the connivance of some highly placed Government members, the *New York Post* published a report by Bruce Loudon with a Johannesburg dateline, saying that several of Dr Smit's closest friends said they believed he was about to drop a political bombshell at the time of his murder, and this theory was widely held in South Africa.

Several months after the Smit murders, General van den Bergh said in an interview that he had been openly accused of having a hand in the murders, which he denied as an outrageous suggestion. He also claimed that the following words to the Erasmus Commission of Inquiry into Department of Information irregularities (set up almost a year to the day after the Smit murders) were widely misinterpreted:

'Mr Commissioner, I really want to tell you that I am able with my department to do the impossible. This is not bragging . . . I don't have weak men I have good men. I also have a few weak ones but I have truly good people . . . I can tell you here, not for your records, but I can tell you, I have enough men

to commit murder if I tell them: Kill . . . I don't care who the prey is. These are the type of men I have . . .'

The Smit murders were to bring about a significant change in the *Mail's* approach to the investigation into government corruption. A few days after Rees returned from the scene of the murders, a meeting was held between Sparks, Day and Rees. Sparks decided that the investigation should once again have full-time status. Later Sparks decided that Rees should be joined by a second field worker, Don Marshall, and that the unit should report to Day who would then hold weekly briefings with Sparks. Rees and Marshall would feed Day with daily contact reports and in this way material could be properly analysed. Day also decided to implement the *Washington Post* Watergate system of accepting as fact only that information which came from more than one source—if those sources were not linked directly.

Rees went back into Pretoria and this time he was going to go after the bigger fish.

3 THE SECRET FUNDS

'You have a death wish ...'

Rees found that the Smit murders had added considerably to the problems of getting people to talk. They were simply too scared. Many of the contacts of 1977 refused to be seen near Rees in 1978. Those who would talk insisted on strict security and meetings were set up in the veld, in toilets, in shopping arcades, in parked cars at night.

And to add further to the problems, it had become apparent that most major newspapers in South Africa had set up teams to investigate the then unsubstantiated claims of misuse of government funds.

It reached the stage where the editor of the *Star*, Harvey Tyson, called publicly on Connie Mulder to 'take the bull by the horns' and give the country some real information about the rumour and gossip circulating in connection with his Department.

Rees and Day had never seen anything like it. Journalists working on the assignment were falling over themselves as they chased lead after lead. But nothing appeared in print. The *Sunday Express* referred to it as 'the scoop you may never read'. The *Sunday Times* had six reporters going flat out, some of them saying they were a hair's breadth away from publishing the biggest story in the paper's history.

There were also reports reaching the *Mail* that some reporters, and even newspapers, had backed off because of threats to their lives and threats of prosecution under the Official Secrets Act. The tension in the Press world was unbearable. Who would start the ball rolling?

In February 1978, the Auditor-General, Gerald Barrie (Rhodie had been his successor as Secretary for Information) tabled a report in Parliament which sharply criticised two unnamed senior officials in the Department of Information for undertaking unnecessary and extravagant trips abroad. He also stated that for three years the Department had been using funds without Treasury approval.

Nothing much had happened, though, really to rock the Rhodie boat, although the *Sunday Times* had reported six months before the Auditor-General's report was tabled that one of Info's big three, Les de Villiers, had left the Department to take up an executive post with the New York public relations firm of Sydney S. Baron, which had just had its contract with the South African Government increased to almost R1-million.

The *Mail* was desperately searching for a top-level informant, somebody in a position to know enough to crack down the Rhodie cell system, when the *Citizen* came out with an exposé of a man named Roland Hepers, whom they claimed was the *Mail*'s 'Deep Throat'.

But Roland Hepers, who had formerly worked on the Department's publication, *Panorama*, in Europe, was hardly 'Deep Throat No. 1'. Rhodie's cell system had been instituted to ensure that people like Hepers would not have any overall knowledge of secret projects. While his guesses might be reasonably accurate, he could not be used as an informant on secret projects. He admitted that he had never had access to secrets although, like all employees of the Department, he had numerous suspicions and theories about what was taking place in the 'planning' section.

A co-author of the *Citizen* 'exposé' was Gordon Winter, who one year later claimed on British television that he had been a BOSS agent for years after being recruited by General van den Bergh; that he had 'shopped' many people, including fellow journalists; that he knew who had committed the Smit murders. He was also later to tell Sparks that he had been instrumental in planting a highly placed secretary on the *Mail* so that she could spy for the State on the newspaper's activities.

It was becoming obvious to both Rees and Marshall that their movements were being monitored, and one of Rees's moles warned him not to 'speak on or near telephones'. Most of the really sensitive meetings were held on 'safe' premises, although if Winter was right about that secretary it probably did not help.

Watching out for bugging became an early priority for the *Mail* team, and often Sparks would hear music playing in the background when he picked up his direct-dial phone to call out of his office.

By March 1978 Rees and Marshall were producing a steady flow of contact reports which were beginning to show the skeleton of the Department of Information's overt and semi-covert printing operations in Europe. It was then that Rees met the person who was really to become 'Deep Throat No. 1'. It was no flash in the pan. The *Mail* team, under Sparks's direction, had been carefully analysing the dozens of people who had emerged in the contact reports to choose somebody to home in on—somebody who knew most of it, if not all, and to find a lever to induce that person to talk. The selection took place and Rees went off to make the contact.

It did not go at all well the first time out. The man was outraged at any suggestion that he meet with a *Mail* journalist on this issue, and slammed down the phone. It was decided to keep a round-the-clock watch on his house in the hopes of getting a chance to speak to him in person.

Rees found a parking spot away from the man's house, but chose a point where he could see the front door. He did this for days, until one evening the man emerged from the door and set off down the street for a stroll. Rees jumped out of his car, walked quickly up to him and said: 'Sorry to be a nuisance,

but my name's Mervyn Rees. I spoke to you on the phone a while back ...' The man stopped, looked around him quickly and said: 'Are you mad? Leave me alone!'

Rees: 'Please, sir, just a few minutes ... I've been careful, nobody's seen me. Nobody knows I'm trying to see you.' The head turned back and the eyes stared at Rees: 'Talk quickly and then buggeroff.'

'All I want is for you to see me for a short while. But somewhere we can talk. You choose the place and the time.'

'Why should I talk to you?'

'There are things that have been going on that you know about and that we are going to crack wide open. You can either tell what you know, or be a party to a cover-up. But either way it's all going to come out. You decide what side of justice you are going to be on.'

The eyes never blinked: 'You have a death wish', and he walked away.

Rees filed his first contact report on the above conversation on 9 March 1978, with the man he now called Contact F.

It was a disconsolate Rees who reported back on his meeting with Contact F. That avenue looked closed. After two approaches all he'd got was the brush-off and some spooky stuff about a death wish. He decided to take his annual leave. But that didn't work out either. On 2 April 1978, Kitt Katzin of the *Sunday Express* broke the story of how Rhoodie and an entourage of ten people, including his wife and daughter, had gone on an expensive holiday trip costing nearly R700 per day to the Seychelle Islands the previous year. The report said that in five days the party spent at least R3 389 and in the course of the holiday Rhoodie also did some Government business. Both he and his deputy, Les de Villiers, saw the President of the Seychelles, James Mancham, to discuss tourism and landing rights on the island for South African Airways, which have to fly 'round the bulge' because they are denied landing and overflying rights by most African states. Katzin's report listed the Rhoodie party as: Dr Rhoodie, his wife Katie, their daughter Annemarie, a relative, Michael Rhoodie, Mr and Mrs Les de Villiers, Mr and Mrs Jacobus Marais, Advocate Retief van Rooyen and his daughter, and Mr A. Potgieter.

The *Sunday Express* report was a milestone in Muldergate. Coming on top of the Auditor-General's criticism of extravagant and unnecessary spending by Rhoodie's Department, it opened up the whole issue again and was the first significant contribution at that stage from a South African newspaper towards cracking the scandal.

Muldergate continued on the bubble in Parliament, with snippets of news coming out of the Select Committee on Public Accounts which had been assigned by Parliament to investigate the financial affairs of the Department of Information since the first ructions about publishing contracts late in 1977. On 15 April 1978 the *Mail* reported that:

- An in-depth investigation by the Treasury and Public Service Com-

mission into the Department had been recommended.

- The parliamentary select committee heard that the Department spent R320 000 on a controversial publication a 'considerable time' before it received final copies of the book, *Stepping into the Future*.
- An admission by Dr Eschel Rhoodie that his Department spent R10-million annually in foreign currency and for some of this 'he did not know whether he had authority from the Reserve Bank'.
- Evidence from the Auditor-General that two officials of the Department, including Deneys Rhoodie, were instrumental in getting the publisher of the book *Stepping into the Future* to falsify letters to secure certain advance payments.
- The disclosure that a third Rhoodie, Professor Nic Rhoodie, was 'editor-in-chief' of the controversial publication.
- Though Dr Rhoodie was entitled to spend R180 000 on the book in the financial year 1974-75, he in fact spent R320 000.
- Dr Eschel Rhoodie personally recommended to the publishers of the book, Erudita, that they obtain an overseas quote for printing from a Mr Kohl of African International Publications in Sandton City, near Johannesburg, who represents the Dutch firm of Smeets.

African International Publications is owned by Mr Hubert G. Jussen, the man who controls *To the Point* magazine and has a major stake in the Johannesburg morning daily, the *Citizen*.

It also emerged that Eschel Rhoodie had complained to the parliamentary select committee that newspapers were being unfair to him about overseas trips made by officials of his Department and claimed he was being 'tried by newspaper'.

The *Sunday Express* continued with its disclosures on the Rhoodie trip to the Seychelles, and Rees was hauled back from his annual leave.

Political pressure mounted against Dr Connie Mulder and on 30 April 1978 Fleur de Villiers wrote in the *Sunday Times* that Dr Mulder was fighting for his political future. She quoted sources within the National Party, stating that unless he dissociated himself soon from the actions of his top officials in the Department, he would be obliged to accept full ministerial responsibility for their acts.

And the first week of May proved to be another Muldergate milestone—again initiated by the *Sunday Express*. Under the banner headline: HIGH DRAMA OVER EXPRESS BOMBSHELL, the newspaper said it had come into possession of 'startling new facts' about the Department of Information, but had agreed to a plea by Mulder to delay publication for a week so that aspects 'touching on the interests of the State can be investigated'.

What information did the *Sunday Express* have? What was the bombshell going to be? The bombshell was provided by Eschel Rhoodie himself, going on the attack as usual whenever he felt himself threatened. On the day before

the *Sunday Express* was due to publish the follow-up article, Rhoodie issued a statement through the South African Press Association, a wire agency which distributes news to most South African newspapers. This report appeared in the *Mail* on 6 May.

The Secretary for the Department of Information, Dr Eschel Rhoodie, went on the offensive last night, accusing the Auditor-General, Gerald Barrie, of destroying secret operations financed by undisclosed funds controlled by the Department of Information.

Dr Rhoodie, who is reconsidering his position as Secretary for Information after weeks of controversy involving an array of allegations about the Department, said he would request a formal police investigation into the leak of a secret Auditor-General's document to the *Sunday Express*. [He was later to tell Rees and Day that part of this probe was the sending to Cyprus of a top-level Government investigator to interview the former owner of a café situated near the Auditor-General's office, who had been an informer checking on the movements of the Auditor-General's staff in a bid to see who was leaking information to the Press.]

He charged that the Auditor-General's office had even contravened the law. 'Leaving highly classified documents unsecured implies a contravention of the Official Secrets Act', he said.

Last night the Auditor-General, Mr Barrie, was not available for comment.

The Editor of the *Sunday Express*, Mr Rex Gibson, said: 'Our response will be made on Sunday in the *Express*'.

Dr Rhoodie's extraordinary attack on Mr Barrie is likely to provoke widespread reaction. The Auditor-General is the highest-ranking civil servant—and is regarded as above reproach.

The following is part of the text of Dr Rhoodie's statement:

'The Government has advised me that a secret document, the property of the Auditor-General, has been leaked by word of mouth or by photocopy to the *Sunday Express* and other parties.

'To divulge the contents of such classified documents, or to create access to such documents can lead to very serious consequences. . . . I wish to state that the Department of Information has, for years, been asked by the Government to undertake sensitive and even highly secret operations as counter-action to the propaganda war being waged against South Africa.

'Money was secretly used for this purpose even before my appointment and I inherited from my predecessor at least two major secret operations.

'After my appointment in 1972, counter-action to the propaganda war was vastly stepped up by me.

'It was overseen by a secret, though unofficial three-man Cabinet committee from which I received approval for secret projects and to

whom detailed verbal and written reports were made annually and often every six months.

'A secret fund was provided to the Department but I do not intend, now or ever, to say how much and in what way it reached me.

'It was furthermore clearly stated that this was a top-secret fund and that no one would have access to its implementation, not even the Auditor-General.

'It was also made clear to me that, since funds were secret and the methods of procurement secret, the Official Secrets Act applied.

'The Auditor-General in April 1977 began an audit of my secret operations. I objected to this and also to the open manner in which the audit was conducted, with scant regard to secrecy.

'In more than one letter the Auditor-General was warned that secret funds and secret projects were involved. The Auditor-General claimed the funds were not secret. Since I inherited some of his secret projects and even, from time to time, informed him of progress and of new secret projects, I could never and will never accept his argument.

'I have now come into possession of a report prepared by the *Sunday Express* for publication this coming Sunday. It is based almost word for word on the Auditor-General's unsubstantiated and speculative nine months old report.

'This contains information which, if the truth is not told, would be libellous in the extreme and that would not be the newspaper's fault—unless it had all the facts and still preferred to publish its story, the way it has been read to me now.

'For this reason I will now deal with some specific matters raised in the Auditor-General's report and likely to be repeated by the *Sunday Express* and *Sunday Times*.

'The Auditor-General's report leaked to the Press did not distinguish between secret and open funds, thereby creating the wrong impression—nor did it distinguish between the open and secret financing of travel abroad.

'In his report the Auditor-General referred to "irregularities" and described them as unique in civil service history. This is correct, only in the sense that the country has never yet been fighting an equally no-holds-barred propaganda war against its enemies in which normal rules and applications cannot be applied.

'To anyone not cognisant with the full extent of the nature of secret operations, the methods of payments and the bookkeeping would indeed appear to be unacceptable.

'Since I worked under direct Government instructions to take all the steps necessary to protect the secrecy of operations, I gave instructions, with approval at Cabinet level, to destroy certain records of completed operations.

'These were not records of the Department's normal operations, none of which has been touched. In fact secret files and reports were kept completely separate.

'My visit to the Seychelles is a classic case. I was instructed to fly to the Seychelles in a private jet ostensibly as part of a holiday party. President Mancham insisted on this cover.

'The Government paid for the cost of fuel and operations. I met with President Mancham, one of several meetings, but the subject of our talk will remain secret.

'The Government paid for my hotel expenses for two days and for those of Mr Les de Villiers but not for my wife or any other member of the party.

'The payment was not made from the Department of Information's open account, and in this respect our initial statements were correct. I have no hesitation in confirming that this was an official secret mission structured in a way approved by President Mancham and my Minister.

'My subsequent action and statements were aimed at protecting a secret operation. I said at the time that the trip did not cost the Department of Information anything—which was true. It was paid from government funds not appearing on the books of the Department of Information.

'The *Sunday Express* will say that Deneys Rhodie at times had advance payments as high as R10 000. Normally this would be irregular, but it was used as authorised to compensate persons here and abroad involved in secret projects—and most decidedly not irregular in terms of authorised secret practices.

'The records kept of overseas travels financed from secret funds, and expenditure of a secret nature, are not the same as those for the Department's normal operations, which explains why the Auditor-General found this highly irregular.

'The simple fact is that we kept the minimum of paper and the minimum of records, which is standard procedure in secret operations.

'The Auditor-General had no way of determining the full extent of our operations and our methods and, being in the dark, had no option but to refer to irregularities and serious deviations from (normal) rules and regulations.

'The Department has a special auditor who has been checking all secret operations accounts, and all expenditure under this fund has been fully and properly accounted for.

'He has reported that there have been no malpractices or corruption and where monies were due to the State for erroneous or unacceptable claims, this has all been repaid. There is a vast difference between an error and a misdeed.

'The Auditor-General's reference to the Department using funds for private purposes including books, car rentals, telephones, radios, tickets

for cablecars and tennis tournaments, would have been correct were it not for the fact that these were used for secret operations and visitors from abroad.'

Rhodie's statement was sensational. While the *Mail* knew that secret operations were undertaken by the Info team, this was the first disclosure that there was a 'secret Cabinet committee of three' which had authorised the funds. And where did they come from? How much was involved? What were the secret projects?

Rhodie had overreacted as usual. He believed his statement would take the wind out of the Press sails, but in fact he disclosed far more than most of the newspaper investigators had established at that stage.

On the day after the Rhodie statement the *Sunday Times* published a report about a Pretoria company, Thor Communicators, which had been named as having close links with Dr Rhodie, receiving a lump-sum payment of \$3-million from the Union Bank of Switzerland. It seemed that Rees's earlier information that literally millions were involved could be true after all. The exclusives published in the *Sunday Express* and the *Sunday Times* threw the *Mail* team into near panic. Although all three newspapers have the same owner, there is fierce rivalry between them and each feels that it is even worse to be beaten by one of the others than to be scooped by newspapers from other stables. So Sparks called a council of war.

The *Mail* was being beaten on all sides—the *Sunday Times* obviously had access to somebody in Thor, or to somebody who handled Thor's bank accounts; and the *Sunday Express* appeared to have somebody giving it leaks out of the Auditor-General's office. What did the *Mail* have? Thousands of words—many of them vital—in contact reports, but most of them from company searches and Rees's minnows. The Department of Information vote was coming up soon in Parliament, where all the issues to date would be debated by the Opposition, which had the bit between its teeth for the first time since 1948, and the *Mail* desperately needed a major breakthrough. The sifting of the contact reports started all over again. And up came Contact F once more. Rees phoned and said: 'It's me again. Please let's talk.' He nearly fell out of his chair when the voice replied: 'I've changed my mind; this is what you must do ...'

'They don't go any higher than the people I'm talking about ...'

This telephone conversation with Contact F would finally lead to the breaking of Muldergate, and indeed it helped to change the face of history in South Africa. Contact F was somebody so close to the centre of Muldergate that it was breathtaking.

But there were two great drawbacks to Contact F: first, Rees had to give the undertaking that under no circumstances would he reveal Contact F's identity, which meant that information gained from this source could not be used on its own because if the *Rand Daily Mail* was challenged in court it could not produce its star witness; and second, nothing could be written that would point a finger at Contact F. These hindrances caused a great deal of grief and heartache to Rees because it took so long to get into a position to publish facts, gleaned initially from Contact F, which then had to be confirmed from other sources.

But back to that phone call. Rees was told: 'Meet me in the bar at the new section of the Johannesburg railway station between 5 and 6 tonight. Don't approach me, I'll approach you.'

Rees arrived at 5 p.m. on the dot. The bar was almost overflowing with commuters, downing beer and brandy-and-coke at a great rate. How the hell will he find me here, Rees wondered. What a place to choose. He squeezed through to the counter, sticky with slopped booze. 'Cane and coke', he screamed at the barman who ignored him. And then a voice in his ear said: 'Make that two.' It was Contact F, 'Take the 6.15 to Germiston, I'll see you there.'

As Rees got off the train at Germiston, Contact F was waiting on the platform. 'My car's outside, we'll talk there.' And for the next hour Rees and Contact F drove around Germiston, the radio blaring. 'Sorry about the noise', he told Rees, 'but I don't know if my car's bugged.'

Contact F said he made up his mind 'in principle' to talk about what he knew, but had not decided at this stage what to say and when to say it.

'Things are moving very fast at the moment', he said. 'Everybody is jumpy. Eschel's got a witch-hunt going to find out where the leaks are coming from ... They're tapping everything, they're watching everybody. The stakes are high, this thing goes right to the top.'

Rees: 'The top?'

Contact F: 'They don't go any higher than the people I'm talking about.'

Rees: 'Right. How are we going to work this?'

Contact F: 'You have to give me a strict guarantee that under no circumstances, and I mean under no circumstances, will you ever reveal my identity to anyone. If you do, I'm dead and by God somehow I'll make sure you're dead too. Can you give me that guarantee?'

'Yes, except that I will have to tell two people and only two people: my editor and the man working with me on this, Chris Day. Otherwise it cannot be workable, they must be in a position to assess the true worth of the information I'm getting. But it will never go further than the three of us.'

'That sounds fair, but the kind of guarantee I want includes your silence even if you're locked up and interrogated indefinitely. Are we clear on that?'

'Yes'.

And so began a bizarre relationship between Rees and Contact F. An emergency meeting was held between Rees, Sparks and Day and guidelines for handling Contact F were established. Only Rees would meet him, nobody else; his name would never be mentioned at any stage during discussions, even in the most private places, only his code name would be used. It was decided to drop Contact F because it would sound too melodramatic if used in ordinary conversation and would attract unnecessary attention, so the code name Myrtle would be used (this from Myrtle the Turtle, the latter because his cover was good and strong and he was in a position to keep his head down). He later came to hate the code name and repeatedly asked for it to be changed (he never said why, perhaps it reminded him of somebody he disliked) but Sparks, Rees and Day had got used to it by then and it was impossible to switch to something else.

Rees's relationship with Myrtle was a difficult one. Throughout Muldergate, Myrtle remained a very frightened man. And because of this, he would not always respond exactly when it was necessary, and his information (possibly for the same reason) came in fits and starts. His loyalties were always torn: he had nothing in common with the *Mail* (except his decision to do as much as he could to get the truth out into the open) and in many instances he felt he was 'betraying' his background, his beliefs, his heroes. But if there are any heroes to come out of Muldergate, Myrtle must be one of the biggest.

On 8 May 1978, a few days after the Germiston meeting with Myrtle, the Prime Minister, John Vorster, reported to Parliament that the Government had decided in 1972 to channel funds from other departments to the Department of Information and that he accepted full responsibility for the way those funds had been allocated.

Vorster told Parliament: 'It was decided to canalise funds allocated for combating the psychological and propaganda onslaughts against the Republic of South Africa through other Departments which could use the funds for this purpose if they had the apparatus and trained personnel at their disposal.'

'The purpose was to withstand the subversion of our country's good image and stability. It cannot therefore be said that these were unauthorised funds, and I accept full responsibility for the way in which funds were allocated

because it was my judgment that it was in the highest interests of South Africa.

'Since 1972 certificates have been issued that the funds made available in this way had been spent and used in an orderly manner for the intended purpose. In the second half of 1977 the Auditor-General told me he was concerned at supposed irregularities which resulted from the non-adherence to regulations and instructions by the Department of Information. At the same time many stories and rumours circulated about the Department.

'I told the Auditor-General that nothing less was required from him as an official of Parliament than to do the necessary investigation in the normal way as was proper, and to report to Parliament, irrespective of who was involved or what the consequences might be.

'The Auditor-General naturally concurred and carried out his task in the best traditions of his office. I viewed it as irregular to take any steps before the Auditor-General had completed his investigation and had reported to the Select Committee on Public Accounts, but at the same time, and with the knowledge and approval of Dr Mulder and the Auditor-General, appointed another capable person to investigate fully and decisively all alleged irregularities, allegations, stories and rumours as far as the misuse of funds was concerned.

'Meanwhile it has become clear that the effectiveness of the Department and its head, after many reports and statements, has been destroyed, causing incalculable damage to the country, and that, in conjunction with the Public Service Commission and others concerned, there would have to be an investigation as to a total restructuring of the Department, as already announced.'

So there it was: Vorster had shut down the Mulder-Rhodie empire and Rhodie was to retire at the end of June 1978 on pension. Vorster had also appointed his 'capable person' to continue investigations. Connie Mulder would stay in the Cabinet as Minister of Plural Relations (formerly known as Bantu Administration).

Then on 10 May Mulder, in replying to criticism in the Budget debate, said in Parliament: 'The Department of Information owns no newspaper in South Africa and runs no newspaper in South Africa. The Department of Information and the Government do not give funds to the *Citizen*.' He added that he was not prepared to state which organisations were funded by his Department and which were not, but he wanted to clear newspapers of the allegations that had been made. Mulder also stated that he took exception to a question asking whether Rhodie had any hold over the Government which prevented it from dismissing him. 'He has no hold whatsoever', was his reply.

Rees contacted Myrtle, who refused to see him.

'Don't you know what's happening in Parliament, man?' Myrtle's voice was high-pitched, nervy. 'The shit's hit the fan. I can't see you now.'

On the day Mulder told Parliament there was no Government money in the *Citizen*, the *Mail* published this article by its political editor, Martin Schneider:

The allocation of the secret fund took place in the same year that Gerald Barrie left the Department to become Auditor-General. With Barrie's promotion, Dr Mulder secured Cabinet approval for the appointment as secretary of Dr Eschel Rhodie (then 38 and the youngest man to be appointed to such a high civil service post in modern South African history) against the recommendations of the Public Service Commission (which claimed he did not have the administrative ability to run the department).

It was a giant leap for the ambitious Dr Rhodie. He had only recently returned to the country from relatively junior foreign service postings and as an assistant editor of the news magazine, *To the Point*, was not even employed by the Department of Information at the time of his appointment. Senior noses were bloodied in the process, but Dr Mulder had great faith in the young Dr Rhodie. He told Parliament Dr Rhodie was 'above all an expert who knows his subject and has the necessary drive and dynamite to take his department to great heights'.

With his *To the Point* background, Rhodie had established certain relationships that became the subject of increasing speculation among journalists and businessmen. *To the Point* was owned by African International Publishing Co (Pty) Ltd under Jan van Zyl Alberts and Hubert Jussen, who bought the pro-Government *Citizen* newspaper from fertiliser magnate, Louis Luyt early this year.

And soon enough Connie Mulder, Minister of Information, found himself involved in these new relationships. Forming a company called Reenberg (Edms) Bpk, the Minister bought the Hoedspruit leisure farm with Alberts, Rhodie, his brother Deneys—now prematurely retired as deputy secretary for information—Les de Villiers, the former deputy secretary, and the American publisher John McGoff.

The nature of these relationships became more and more curious as more and more became known about them. Japie Basson, Opposition Member of Parliament, said in the House of Assembly yesterday that a wide section of the public believed the *Citizen* was financed by Government funds.

Indeed, at the time these relationships were being forged, there were rumours of Government slush funds, but when I put to Luyt last week the proposition that the *Citizen* had been financed by Government funds, he replied: 'Categorically no. Absolutely not.'

A history of the known relationships provides a fascinating study.

Rhodie came into contact with Louis Luyt at the end of 1975. Luyt told me that during the Angolan war he used to communicate 'sensitive international messages' from African presidents to Rhodie in a restaurant in De Meent Arcade in central Pretoria. On one occasion, Luyt said, they held their discussions in an office in the same building. This office—in fact, a luxurious lounge—has since become known as the registered address of Thor Communicators, though Luyt told me he was not aware of Thor's existence at the time. In late 1975, when Luyt made his abortive attempt to

buy South African Associated Newspapers—owners of the *Rand Daily Mail*, *Sunday Times*, *Sunday Express* and *Financial Mail*—van Zyl Alberts acted as the linkman, bringing the fertiliser magnate into contact with McGoff and the German publisher Axel Springer, who were said to have an interest in the takeover bid. In January 1976, having failed to buy SAAN, Mr Luyt announced his plans to launch the *Citizen*. Publication started in September 1976.

Though Thor Communicators had an 'office' since at least late 1974, it was only registered as a company in June 1976 and reported to have had a bank deposit of only R2 500. Its directors were the late Mr Oscar Hurwitz, a Pretoria financier; Andre Pieterse, a South African film magnate; and Retief van Rooyen, the advocate who represented the police at the Biko inquest.

But in October 1976 this strange company suddenly received a \$3-million deposit from Union Bank in Switzerland. Where the money came from, and to what purpose it was put, remain key unanswered questions.

By the middle of 1977, irregularities in the Department of Information's accounts were being alleged. Then early this year, the relationship between Rhodie and Luyt cooled dramatically. According to Luyt, he has not seen Rhodie since the beginning of the year. A row broke out between them in January after Luyt appeared on a British television show to defend South Africa. Rhodie took the extraordinary step of writing to a newspaper and distancing the Department of Information from Luyt's action. Luyt then accused Rhodie of being the 'know-all' and 'be-all in South Africa'.

'This whole affair', said Luyt, 'has affected my work for South Africa . . . I will probably divert the funds I have spent on promoting South Africa abroad to activities at home.' Within a month, Luyt had sold the *Citizen* to van Zyl Alberts and Hubert Jussen.

The identity of the newspaper's remaining local shareholders and financiers remains a mystery. The question remains: What precisely was the relationship between the Department of Information, the *Citizen* and Thor Communicators?

This article by Martin Schneider was an outstanding summary of the position as it stood in the middle of 1978. And then Rees contacted Myrtle again.

The meeting was set up this time in the bar at Jan Smuts Airport, before the two of them moved off to Myrtle's car and they stopped at a Kentucky Fried Chicken stall. While Rees was tasting Colonel Sanders' finest, Myrtle told him that Luyt had been given R10-million by the Government to finance the *Citizen* newspaper, and that the money had been channelled into his giant fertiliser company, Triomf, from a Swiss bank. He said another R10-million of South African government money had been given to American publisher John McGoff to buy the *Washington Star*, main opposition to the influential *Washington Post*. He said that Andre Pieterse had been given about R800 000

of government money which he used to finance his film *Golden Rendezvous*, starring Richard Harris. He said there were many property deals done by Rhodie in Europe, South Africa and the United States. He said Vorster knew of some of these but could do nothing without destroying himself in the process because the financing of the *Citizen* would come out. He said General van den Bergh and Rhodie were 'like twins', and that van den Bergh was affecting a cover-up. He named Vorster's unnamed 'capable person' who was investigating the former Department's affairs as 'Loot' Reynders, an accountant from the Bureau for State Security (BOSS); and named a well known wealthy South African businessman, David Abramson, as being a key figure but would not say why. Abramson was also active in the inner circles of the Progressive Federal Party, the liberal political party which opposes the Government. But then Myrtle suddenly stopped. 'I've said too much.'

Rees's contact report of this meeting, dated 8 June 1978, says at the end: 'He's very worried about the Smit links. Suspects Smit might have found out just how certain individuals were operating and may have demanded a cut or threatened to expose them. He actually linked the murder with the Info investigation, but my impression is that this is just speculation on his part. He is definitely frightened, though, and feels that he has said too much. But he is equally horrified and angry that the cover-up may succeed. He believes that it cannot be totally hushed up and that the truth will emerge some time.'

When Rees and Day reported to Sparks, the three of them sat and stared at each other without saying a word for ages. This was it. At last they believed they could do it, given time.

5 SPARROW SINGS

'It seemed the Shadow was greater than the Light ...'

The *Rand Daily Mail* investigation programme in June 1978 was going both well and badly. Don Marshall and Mervyn Rees had built up a large network of informants and their contact reports numbered hundreds of pages. While Myrtle had been the single biggest breakthrough, there were still many problems. The investigation had become a vast, multiheaded thing. Sources still had to be protected, so that there was little chance of publishing any worthwhile material at that stage. There was also a need for caution, because any error would seriously damage the credibility both of the *Mail* investigations and all the others that were being done. Since much of the information pointed to Rhoodie having a vast publishing network in Europe, it was decided to send Marshall overseas to see if he could force his way into Muldergate through that particular door.

A meeting of the Morning Group newspapers took place, and the editors decided to share the costs of Marshall's trip. That meeting of the editors of the *Rand Daily Mail*, *Cape Times*, *Eastern Province Herald*, *Natal Mercury* and the East London *Daily Dispatch* was the forerunner of many others over Muldergate.

It is to the great credit of all of them and their managements, particularly SAAN managing director Clive Kinsley, that they were prepared to authorise the spending of large sums of money at a time when the newspaper industry was in a slump and staff were being retrenched. At that stage the investigations had provided very little in the way of copy, so they took a lot on trust.

Marshall set off for Europe. His investigations there over several weeks proved that Rhoodie's empire was extensive, but protected by many friends—some in high places. The full extent of the European network was to emerge only much later in the investigations. But it was while Marshall was in Europe that Rees had a significant meeting with Daan. The civil servant was becoming increasingly uneasy about their relationship. Their meetings were becoming less frequent and much of the time Daan refused to say anything about Muldergate. But on this occasion he blurted out, Rees believes more in irritation at his nagging than anything else, 'Why don't you blow the Club of Ten?'

The Club of Ten had for years been a source of great controversy in Britain, Europe and the United States. It started in 1972 as an anonymous 'organisation' which launched an expensive advertising campaign in many of the world's

major newspapers defending South African government policy. The campaign was ostensibly devised and financed by an anonymous group of wealthy South African businessmen.

Its lone public spokesman was a 76-year-old rightwing British barrister and former Far East judge, Gerald Sparrow, who said that he placed the advertisements on behalf of the group.

Criticism levelled at the world's 'double standards' was a favourite theme of the advertisements, including a full-page advertisement in the *Guardian* which began: 'As the new year approaches, evidence has piled up that the world has been living on double standards and double-talk in 1976'. Also typical of the campaign was the full-page advertisement placed in the *New York Times*, at a cost of \$15 300 (about R13 000) defending South Africa's role in Angola and rebuking Western governments for failing to check Russian intervention in that area. The bold-type headlines of the advertisement stated: 'The free world stands today in greater danger than at any time since the darkest days of World War II'. Then followed a brief introduction to the Angolan conflict, including a quote from FNLA leader Holden Roberto saying: 'I am strongly against apartheid, but I will say this for South Africa—when they see a neighbour's house burning they come to put out the fire'.

Earlier advertisements placed in British newspapers caused a furore and Fleet Street newspapers accused the South African Government of financing the operation, claiming that both the anonymous Club of Ten and Sparrow were fronts for the Government. This was strongly denied both by Sparrow and South Africa. These quotes were typical:

Gerald Sparrow in a Press interview, 5 August 1973: 'So far as I know no South African Government money is involved in the Club of Ten'.

Eschel Rhoodie in a Press statement in Pretoria on 17 June 1974: 'For the record, I do not know of or believe that any Government department in South Africa finances the so-called Club of Ten'.

Pressure on Sparrow mounted considerably to name the members. Suddenly he called a Press conference on 22 August 1974. It was a hilarious occasion. In the midst of expensive liquor and dainty smoked salmon sandwiches, Sparrow produced the founder and vice-president of the Club of Ten: Charalampos 'Lampas' Nichas, a Greek-South African potato farmer. The swarthy Nichas, speaking barely comprehensible English, told the astounded newsmen: 'I'm writing out this cheque for R50 000 for the Club of Ten. This is small change. If you want half a million just lift the phone.' He later changed this offer to a full million. He admitted that the R50 000 was larger than his previous donations, and said: 'But what is R50 000? It's the price of five bulls.'

Nichas's success story in South Africa was a remarkable one. He had arrived in South Africa 28 years before with 80c in his pocket. He is now a millionaire, owning 32 farms.

'How do I blow the Club of Ten?' Rees asked Daan.

'Nichas was sent over there to help hold up the cover. He's a great friend of

General van den Bergh, so I doubt whether he'll talk to the *Mail*. He was right, but Sparks decided that Marshall should leave Europe for Britain and make contact with Sparrow. The Club of Ten activities had died down and Sparrow had quit after announcing that apartheid had turned him against his former ally. The bird, indeed, began to sing and on 24 June 1978 the *Mail* broke the story on how the South African Government—through the Department of Information—controlled and financed a covert international propaganda campaign to sell apartheid to Western nations through the world's most respected newspapers.

Sparrow was more than a match for the *Mail* team. With the Department of Information now disbanded in South Africa, Sparrow realised he would have little to lose in telling his story. Ian Hobbs of the *Mail's* London Bureau, who conducted much of the dealings with Sparrow on behalf of the *Mail*, wrote this of him on 24 June 1978:

He is an eccentric and wildly contradictory figure out of another age. He describes himself proudly as a Victorian and a monarchist, and claims to uphold these values. Yet he contradicts them. On his own admission, he conducted a massive operation of public deceit. For years he blandly denied that the Club of Ten was a front for the SA Government. Now he just as blandly admits that it was.

He makes no excuses for his actions—and seems unconcerned about the contradictions as he sinks the ship he manned for three years. Why did he turn on the men for whom he had performed this elaborate service? 'They wanted a lackey', he says simply. 'They had poor judgment. I would never be any man's lackey.'

He is the son of a well-to-do Midlands barrister and a Manx woman and followed in his father's footsteps. After an elite schooling at Sherborne College, one of England's top private schools, he studied law at Trinity College, Cambridge, from 1922–25. He was president of the Cambridge Union Society—a natural pathway to political and social prominence in Empire days. In 1930, aged 28, he was appointed legal adviser to the Ministry of Justice in Thailand and became a judge in the International Court in Bangkok. How did he achieve this so young? 'Nepotism', he explained with that familiar aloof look and soft smile.

During the war, Sparrow spent four years as a captive of the Japanese, and after that opened up a private practice in Bangkok.

It was there that he met his wife Chauley. And this raises yet another contradiction: though married to a Thai woman for 13 years, Sparrow remained blind to apartheid—until his wife pointed out its implications to him after a trip to South Africa.

Sparrow retired from the International Court in Bangkok when he was 50—and started a new career as a travel and crime writer. Although a self-confessed rightwinger, he stood for the Labour Party in Exeter in 1958,

but deserted them because he claimed it had become infiltrated by the communists. In 1970 he contested Sir Harold Wilson's seat for the disastrous and now defunct Democratic Party.

Sparrow seems a bizarre choice for the government of a sophisticated and wealthy country to have used as their instrument to dupe the Western Press. But if the Government has regrets, Sparrow has none.

Sparrow, in a series of articles for the *Rand Daily Mail* (for which he was paid) told the world about the advertisements he had placed for the Club.

He said the scheme was sold to him by Rhodie after he had met Mulder in South Africa. He said that the Prime Minister, John Vorster, was also involved ... 'All lines led ultimately to the Prime Minister's office and he was completely informed of all activities at home and abroad'.

It was illuminating to get Sparrow's account of how the Mulder-Rhodie team worked, and how they were able to influence non-South Africans to do covert work for them.

Here, then, is an edited version of the story as told by the first Rhodie agent to talk publicly:

From the middle of 1972 until the autumn of 1975 I was responsible for vetting South African political advertising for defamation and libel.

I also placed the advertisements with leading newspapers such as the *Daily Telegraph*, the *Guardian* and the *Observer* in London; the *New York Times* and the *Washington Post* in the United States; the *Montreal Star* in Canada; as well as in some major newspapers in West Germany, Holland, Australia and New Zealand.

I paid for the advertisements with funds provided by the Department of Information either directly or through intermediaries. When my three years came to an end, because I had formed views on apartheid not acceptable to the Department, I paid Don Bodie, a Fleet Street journalist, who took over the work, the sum of £10 000 that remained in the advertising account.

It was tourism that took me to South Africa. I offered to write a tourist book for the Department of Tourism which would give an attractive but accurate description of the immense tourist potential of South Africa.

The Department agreed to sponsor the book. That is, they bought a number of copies.

So far, so normal. Now we pass through the looking glass to meet Dr Connie Mulder, Dr Eschel Rhodie and Mr Les de Villiers.

Dr Mulder first. I had to wait 20 minutes because two stocky men had been ushered in before me. They had come to report on some disturbing success in the Transvaal by a candidate unacceptable, I understood, to the Minister.

It was the first hint I received that in the eyes of the South African

Government the world is divided into supporters and enemies. This attitude I thought had its roots in the intense world criticism of South Africa which led the Government into taking steps they would not have taken if they had not suffered from a persecution complex.

It also led to the unbelievable division of government in South Africa into the conventional white democratic government, which ran the day-to-day affairs of the administration, and a secret, tightly knit hierarchy of inner power devoted solely to the protection of white power by whatever means the 'Lords of Life' considered most effective.

Out of this arose BOSS activities in South Africa and abroad, and the intensification of the apartheid system which the world found abhorrent.

'The Minister will receive you now'.

I was greeted by a man who looked to me like a former rugby football player. He was square, too, like his two visitors whom I had passed in the corridor, but he looked strong and assured.

He spoke quietly but decisively. Here was a man of some stature and, as I was to discover the next day, a man who presented the most dramatic contrast to his Secretary for Information, Eschel Rhoodie.

I think I knew at this moment that this man held, under the Prime Minister (whom perhaps one day he might replace), great power of a kind unknown in the European democracies.

This assessment was confirmed in the months ahead when I came to know exactly how this inner power structure worked.

Dr Mulder received me with a smile. 'You must come back next year. Bring your wife with you.'

'She is a Thai . . .'

Dr Mulder consulted a book which seemed to me to be a race classification book. 'No problem at all. She will be a courtesy white.'

When I told my wife this—the Thais are very independent and outspoken—she said: 'I don't want to be a courtesy white. I'm a Thai and British subject.'

I calmed her down and she came on my last two visits—and this had consequences. It turned me against apartheid.

Dr Mulder smilingly said: 'I would like you to meet my Secretary for Information, Eschel Rhoodie. He would like to talk to you. Would tomorrow at eleven be convenient?'

And so it was arranged. I had met the Light and now I was to meet the Shadow of the Light—and the Shadow was a great deal more spectacular than the Light himself.

I had not met Eschel Rhoodie before but I had had business with him. He had been deputy editor of *To the Point*, a publication that echoed the Government view of world affairs. It was well written. Rhoodie characteristically gave the impression that he was *To the Point*. I do not think this was misleading.

His appearance as he rose to greet me was totally unexpected. The Press has used many adjectives to describe this extraordinary man—sleek, swarthy, swinging. I think he had something of all of these. He was certainly much darker than most South Africans. In Rome or Beirut, he could have mixed with the crowd and been mistaken for a native.

What I saw was a man of lightning perception with great animation.

But he did not impress me as a man of judgment. Ideas? Yes, they would come tumbling out of that quicksilver brain to be relentlessly pursued until they were as abruptly dropped.

I had the strong impression that to Eschel Rhoodie the sky was the limit. Having made one enormous leap—and so effortlessly—he was now, I thought, contemplating another greater leap.

Whatever happened, I felt sure Eschel Rhoodie did not intend to tumble from the trapeze of politics. Later at a lunch party in Paris in conversation, he told me that a man he admired was 'The Godfather', a character in a current film. I asked him why. He replied: 'He got what he wanted and he had a wonderful rule'.

'What was that?'

'If his opponents could not be removed he made them an offer which they could not refuse.'

At first I thought this was a joke, but Eschel Rhoodie clearly admired ruthlessness and believed that money was a weapon of unlimited power.

We were joined by Les de Villiers, a tall handsome man of Huguenot descent whom I liked because, by some magic, he had retained a sense of humour which was noticeably lacking in the Shadow of the Light.

Eschel Rhoodie leant forward and started to divulge, with an enthusiasm which was infectious, the plan he had conceived for trouncing the enemies of South Africa by a world-wide Press advertising campaign which would rout the reds and quell those who dared to suggest that the Government of South Africa was a tyranny in a democratic shell.

Letters to the Press were hopeless. The Press did not print them. Features written by sympathetic journalists were likewise ignored. The only answer was to buy space for political advertisements world-wide. (We will make them an offer they cannot refuse!)

Would I vet the advertisements for libel—very important—and, perhaps equally important, place them with the leading papers in America, Britain, Europe and Australasia?

I replied I had no experience of advertising whatever. Rhoodie said the whole job would present no difficulties for me.

I wanted two points cleared up. First, the advertisements must not contain damaging statements concerning my country or its Head of State or Prime Minister; and second, I must know how the matter was to be financed and by whom.

The first assurance was given without hesitation and was abided by.

The second seemed to worry Dr Rhoodie. 'We have very good friends. We do not have to finance the matter ourselves.'

He did not say that the Department would not finance it but that they did not have to. At this point, I got no further on the question of where the money came from. Later the source became clear.

Then came the decision about what the operation was to be called.

I suggested 'Friends of South Africa', Dr Rhoodie rejected it. He came up with 'Club of Ten'. It was a typically bizarre suggestion. It would obviously create intense speculation. The Press would be worried until they found out who made up the Club of Ten. It would promote interest and publicity.

I came to the conclusion that this was a man who lived in his own world of fantasy. He fancied himself as the great spider who spun the snares that would trap the enemies of his country. Secrecy was second nature to him. He was his own mysterious hero, enigmatic, unpredictable, ensconced in his golden tower manipulating men and affairs.

Connie Mulder was fascinated by him. He was so unlike everyone else. He was a zealot. He believed in a white South Africa that would last a thousand years. He was the ideal information man, dedicated, adventurous, imaginative.

I pointed out to Dr Rhoodie that the advertising campaigns envisaged over a three-year period would be expensive.

This evoked the comment 'Do not worry. You will receive the money to pay the bills before they are presented.'

This was the genesis of the Club of Ten that disturbed the 'radicals' in Europe and America and infuriated the communists.

The explosions that greeted the launching of the campaign put my life in danger. I had three death threats.

Dr Rhoodie, who was not under the same pressure, was delighted when he found that all the newspapers (with one exception, the London published *Church Times*) accepted the advertisements with alacrity and competed with one another to offer the best space coverage and terms for these profitable displays.

My wife Chauley accompanied me on my second visit to the Republic and both of us were guests of the Ministry.

We spent a lot of time in Soweto speaking to the people we met. We began to form our own ideas as to the realities of South African society.

Apartheid, apart from its horrific consequences for black South Africans, had all kinds of minor unpleasantnesses.

My wife was protected from all this except on the rare occasions when I was not with her. As, for instance, when she went shopping with white ladies. Suddenly she found herself a non-person. They would look straight through her. They hardly knew what they were doing. She regarded this as uncivilised behaviour.

Mr Lampas Nichas comes into this story. He is a South African of Greek descent and had come to the Republic as a young man with little money. Today he is a multi-millionaire farmer. It was arranged that we should stay for a time with Mr Nichas and his wife at Kinross.

Mr Nichas was certainly one of the inner circle—one of 'the boys'. He was a close friend of the authorities and he was what might be called a founder member of the Club of Ten.

He also had conversations with a man whom he addressed as 'General'. The two men were clearly very close to one another. Lampas seemed to be seeking the 'General's' help in matters relating to his transport and business problems. He seemed well satisfied with the assurances he received. A versatile man, the 'General'.

Several matters arose out of this visit to the small town of Kinross.

One incident was a dinner given by the Mayor of Kinross and attended by 150 local farmers at which I made speech saying that I did not think that 'détente' (recently launched by Mr Vorster) would be enough.

The speech was a success, but it was made very clear to me that it was not for me to lay down guidelines for South African policy, external or internal. It infuriated Dr Rhoodie and even disturbed Connie Mulder.

From that moment BOSS watched us relentlessly.

While my popularity with the Department of Information in Pretoria was waning following the détente/entente speech, the row over the Club of Ten's activities in Britain was taking on a faster pace in London.

I made it known that if the Foreign Office would like to know who the South African Government regarded as the sponsors of the Club of Ten, I would try to get their names from the South African Embassy.

I pressed Vlok Delport, at that time Director of Information in London.

Delport scribbled the names on a piece of paper in his office on a top floor of the embassy. I barely looked at them.

My secretary typed them out and they were placed in a sealed envelope for me to take to the Foreign Office to hand to Joan Lestor, at that time a Minister. She opened the envelope, read it and gave it to an aide who placed it in a safe. As far as I know it is still there.

The Press later came out with some names which they said were on the list I had handed to Miss Lestor. At least one of the names mentioned by the Press had nothing to do with the Club of Ten.

I had never met any of the alleged members named in London Press reports in December 1976, other than Mr Lampas Nichas. No mention was made of their existence when the Club of Ten was born.

Meanwhile, Rhoodie had come round to my idea that a quarterly magazine, containing contributions from prominent people having a special knowledge of Southern Africa, would be a useful addition to the armoury of the Club of Ten.

The first three issues of *Phoenix* met with the qualified approval of Dr

Rhoodie, but the last issue was not acceptable to the Department. I was told that powerful supporters of the venture had objected to it.

I replied that in England it was not possible to have the policy of a paper dictated from outside and I must retain the right to judge what should or should not go into *Phoenix*.

During February and March 1975, my wife and I returned to South Africa for what was to be our last trip.

As soon as I met Dr Rhoodie I knew he had turned against us. It was clear that my days as manager of the advertising campaign were numbered.

For my part, I was not at all dismayed by the parting of the ways which I saw ahead. In every crisis I had taken the brunt of the worldwide attack and the 'Lords of Life' in Pretoria had been immune from direct contact with the storm.

6

THE EUROPEAN CONNECTIONS

'Jussen was a kind of Burgundy man ...'

The Sparrow disclosures did not entirely achieve the results that the *Rand Daily Mail* had hoped for. Sparrow, tricky to the last, failed to produce the promised documentary evidence of South African Government funding to support his allegations. So the newspaper could not take the issue much further when the official denials continued after the publication of the Sparrow articles. Rhoodie, in particular, knew his man. When approached for comment on the Club of Ten allegations, he said: 'At this stage there is only one question I would like to ask the *Mail*, and that is: How much did you pay Sparrow to say all this? Otherwise, I have no comment.' Nichas insisted that he had personally founded the Club of Ten and denied any connection with Rhoodie. Vlok Delpont, the senior Department of Information official who had previously been based in London, challenged Sparrow to produce evidence of payments.

Psychologically the *Mail* investigation team felt that the Club of Ten episode had ended in a draw rather than a victory. (It was not until Rees and Day spoke to Rhoodie in Ecuador eight months later that they won the Club of Ten battle. It was then that they were able to question Rhoodie about who exactly was the Light and who the Shadow, in his relationship with Mulder). The team had learnt two major lessons: paying people for information would only hurt credibility (Sparrow was paid £900 for his articles); and documentary evidence was going to be hard to get.

The investigation was now being conducted on two fronts—in South Africa and overseas. Don Marshall returned from Britain and Europe in June 1978 after conducting a wide-ranging probe, and filed a detailed report to Sparks. This dealt extensively with his investigation into *To the Point* magazine.

To the Point was first published in South Africa in 1972. In 1974, the fortnightly *To the Point International* was launched from its editorial offices in Antwerp, Belgium, using circulation lists provided by the South Africa Foundation. The international edition ceased operations during October 1977.

It has always been suspected that *To the Point International* is a magazine which was launched with Department of Information funds and was heavily sponsored.

Hubert Jussen has played a key role in the development of *To the Point* and subsequently in the *Citizen*.

Both Jussen and Martin Duyzings are from the town of Maastricht in the

province of Limburg, in the south of Holland. Theirs is a long-standing friendship and, as one contact put it, 'they stick together because not only do they speak the same language, but also the same dialect.'

In 1968 Jussen had run into trouble with the chairman of the magazine, *Elseviers*, and Marshall's contact said it was because 'Jussen is a big spender. He wines and dines at extreme cost. He lives the life of an emperor and always finds someone to pay for it.'

Jussen then joined VNU, Holland's biggest publishing house, based at Heimstede. 'He stayed with the firm three years and during that time made several trips to South Africa. At that time there was a person at the South African Embassy named Eschel Rhoodie (1969–70) and I believe he was the person who got close to Jussen regarding those trips. Jussen told me that there was tremendous potential in South Africa and that the opportunities for a Dutch publishing company would be tremendous.'

'Jussen was a kind of Burgundy man (a person who enjoys life), so I am quite certain that after two visits to South Africa he got to know Rhoodie. I am also certain that he got to know Connie Mulder. Next thing he started *To the Point*.'

Contact said he did not see Jussen between 1970 and 1973.

'One Sunday night in 1973 I received a telephone call from Jussen in Johannesburg. He asked me to meet him at the Amsterdam Hilton the next night and I agreed.

'At the subsequent meeting Jussen told me, "I could not get off the ground at VNU, but now I have met wonderful people in South Africa and have started a magazine like *Elseviers*". He showed me a copy of *To the Point* and tried to convince me that he was making a lot of money from it.

'He said it had been such a success that an international edition was to be launched. Jussen said he had hired Duyzings as editor—a former sports reporter who could work fast but who was incapable of writing stories with deep background information.

'He tried to recruit several top journalists, but they rejected his offers because Jussen could not guarantee them full editorial freedom in running the magazine.'

When *To the Point International* was launched at a lavish party in Antwerp in April 1974, contact asked himself:

'Who the hell is going to finance this publication? Economically it is not sound. They have not been able to show any budget planning programmes or graphs to show when the break-even point will be reached.'

Contact said that in the magazine's early days Jussen and Duyzings spent a lot of money and time in travelling. They lived in the most expensive hotels throughout the world and drove expensive company cars.

'It was unbelievable. I later discovered that even Ernst Smit did not know where the money was coming from—and he should have known as *To the Point International*'s managing director.

'I know of publishers who make a lot of money, but I have never met anyone like Jussen and Duyzings, who travelled in such luxury and splendour. Jussen has an inferiority complex and I believe that he wanted to show the world that he had made it.

'We in Holland wondered what they were doing travelling in Europe so often. It was obvious that their magazine was not making money, so they must have come for other reasons. They had nothing to do in Europe because there was a special staff to handle the international edition of the magazine.

'To me it was quite clear—the *To the Point International* operation was a rotten business', the contact said.

Contact was also convinced that the South African Government was backing *To the Point International* because 'if there were problems in Johannesburg, Jussen would pick up the phone in Europe and speak to Rhoodie in Pretoria and things would immediately be put right.'

Contact also revealed that Jussen and American publisher John McGoff had been friends for many years.

Don Marshall gave the following account of his interviews with several other contacts on the financing and running of *To the Point International*:

Duyzings told a contact: 'We have enough money to make it work for five years—if we don't come right after that we give up'. (The magazine's operations in Europe were shut down after about four years and budget cuts were introduced at about the time that the Auditor-General began his investigation into the Department of Information.)

The financing of the magazine was allegedly done through Swiss, Belgian and Dutch banks with money supplied through New York. It could have been 'laundered' after being released from Department of Information sources. ['Laundering' money is a common practice today. It is the movement of money through one, or sometimes more, banking accounts in order to hide the origin or ultimate destination of the money.]

To the Point International lost a fortune during its early days and Jussen and Duyzings did not appear to be interested in turning it into a paying proposition.

Another contact: 'I will not reveal to you how much the magazine was losing—but they were not the kind of losses that normal businessmen would have been able to sustain over a two-year period.'

Jussen had good connections with Swiss banking officials—one such Zurich banking official attended the launching party and offered to pay several staff salaries either partially or wholly into Swiss accounts. (This would be a contravention of Belgian law).

One document given to me shows that the production budget for 1975 was 3,426,000 Belgian Francs. It was costing *TTPI* over 250,000 Dutch Guilders annually in printing costs in Holland and a further 11-million Belgian Francs in circulation costs.

Office administration costs must have been substantial. Staff salaries were well above the average for Antwerp and typists, for example, found it difficult to find alternative employment at the same rate.

Advertising revenue did little to offset these costs and, according to one informant, never exceeded 40 per cent of the content. Jussen and Duyzings did not draw from the Antwerp account. All of their expenses were forwarded to the Johannesburg office.

'We had a good editorial team, we really did. Our circulation was building all the time—and suddenly the directors called a halt to our promotions campaign. In December 1976, the circulation budget was cut drastically and I could not understand why. Then two brand new Mercedes Benz 450 SLs appeared in the garage for Jussen and Duyzings and I wondered whether my spending had been sacrificed for those', a contact told me.

Jussen put his son-in-law, Peter Newton, in control of *To the Point International* by appointing him Managing Director. He is said to have little magazine experience.

Jussen is said to have at least two apartments in Europe, a property in Florida, USA, and a house in South Africa.

7

THE REES REPORT

'A massive cover-up operation had been in progress ...'

While Don Marshall had been in Europe, Rees had been going hammer and tongs at breaking the Information Department's secrets.

By August 1978 it had become apparent that there was a need for the *Mail* to take stock of its investigation. Rees stopped all information gathering, locked himself in a room for four days and came up with this edited report dated 25 August which he gave to Day and Sparks. With hindsight, it contained the skeleton of the Muldergate months, and in some instances even a year, before it was made public.

The following report is based on information obtained in the course of several months. Obviously, it would be impossible to detail all the facts and theories. This is an attempt to cover what I regard as being important and significant.

I would suggest that the investigation is the biggest and most complicated yet attempted in South Africa. Adding to our problems has been the fact that those areas under scrutiny fall directly under the Government's secret operations.

It deals not only with irregularities in the overt section of the former Department of Information, but also in that Department's secret activities—which are vast and complicated and are known to only a handful of people.

Records have been destroyed and we have every reason to believe that a massive cover-up operation has been in progress for months in order to protect not only individuals, but also the Government and Nationalist Party. The allegations include everything from bribery and corruption to theft, sex scandals and possibly even links with murder. Many of these allegations are unsubstantiated.

We also know that there were extremely close links between the Information Department, Eschel Rhoodie, BOSS and General H.J. van den Bergh. They worked hand in glove on many operations.

Millions of rands—it is suggested by various sources that more than R30-million in total is involved—were handled secretly by the Department. Just how much money was misappropriated or stolen, we do not know. And on this particular point it should be noted that not even the auditors and men detailed fully to probe the irregularities since mid-1977 are yet in a position to pinpoint exact amounts.

Dozens of banking accounts—including those of private individuals and front companies—have yet to be examined, both by us and by the authorities involving companies in South Africa and abroad.

There are many people who have not yet even been linked with the scandal and of whom we are only now learning. Few of the characters involved are prepared to talk—mainly because most of them have, in the nature of secret operations, implicated themselves in one way or another. Many, too, will not talk on ideological grounds, believing that the actions of certain individuals, even if they are criminal, cannot be exposed at the expense of harming the Government or country.

What has so far emerged is but the tip of the iceberg.

Those who have talked in the belief that everything should be exposed, present yet another problem. They cannot come forward or be identified in any way. As anxious as they are to clear themselves of any involvement, they will not be seen to be identified with any exposure that could be harmful to the country. They are frightened of contravening the Official Secrets Act and point out that if the probe is to reach any natural conclusion, many legitimate covert operations would have to be exposed at great cost to the country.

These, then, are some of the problems that we have faced. Our investigation has meant going back into the Department and its personnel as far back as the 1960s. It has involved tracing people scattered throughout South Africa and overseas, getting them to talk and then trying to obtain proof of what they say.

In order to convey just what time and effort the *Mail* has put into the investigation, one should perhaps be aware of the circumstances dating back to the start of the probe last year.

There were widespread rumours that vast sums of money were missing from the Department, and that R30-million might be involved. We also discovered that certain other newspapers, including the *Sunday Times*, *Beeld* and *Rapport*, had already approached many of the people we went to see about the irregularities in the Department.

We realised that although there were many rumours and suggestions of gross irregularities, nobody seemed to have any specific information.

Among the stories we heard at the time were those relating to the setting up of governments in exile, and vast currency-smuggling operations.

We also knew of the probe by the Auditor-General into the Department, but it had been officially described as a 'routine inspection'.

THE UNITED STATES

This is one of the key areas in the probe. Broadly, it has been established that government money was sent to the United States for the express purpose of purchasing the *Washington Star*, together with its TV interests.

And while this could be seen to be legitimate in the eyes of many South Africans at a time when the country could do with a propaganda machine abroad, it would certainly evoke a strong counter reaction from Americans.

But the matter goes very much deeper. We understand that it would totally discredit Dr Connie Mulder, who is on record in Parliament as saying that no money was used by private individuals or organisations to enrich themselves.

Our information is that an amount of at least R10-million was sent to the Michigan newspaper publisher, John McGoff, approximately three or four years ago at a time when the *Washington Star* was in dire straits.

John McGoff is a rightwing millionaire newspaper publisher from Michigan, United States, who has for years described himself as a true friend of South Africa. He is a publisher of numerous small newspapers scattered throughout the States, the biggest being the *Sacramento Union* in California. His most influential holding is his one-half interest in UPITN, one of the biggest international TV networks in the world. He is head of the Panax Corporation, which is the holding company for his string of newspapers, and also has radio and TV interests in the US.

He counts among his close friends Gerald Ford and John Connally. His first 'public' appearance in South Africa was when he was named as one of the foreign investors behind Louis Luyt's bid to take over South African Associated Newspapers in 1975. He is co-shareholder in the Eastern Transvaal farm complex called Reenberg, together with Mulder, Eschel and Deneys Rhoodie and Les de Villiers, who is believed to have 'recruited' him in the United States. In South Africa he started a company called Xanap (Panax spelt backwards) and made van Zyl Alberts managing director, giving him a seat on Panax's board in the United States in return.

He agreed to use the money sent to him to put in a bid to buy the *Washington Star*. As it turned out, he did not succeed and the paper was bought by a Dallas millionaire. At the time it was regarded as highly improbable that McGoff had the funds to make such a bid, unless he was being secretly backed.

However, having failed in the bid, he kept the money. Our information is that it was invested in his Panax Corporation and it could be easily established just how rapidly his newspaper empire, small though it was having always been confined to small-town newspapers, expanded.

We know that he made use of this money during the next few years and it was not until he visited South Africa again early this year that the money was returned. Our information is that he had previously had a confrontation in 1977 with Eschel Rhoodie overseas when Rhoodie accused him of not paying the interest. McGoff, whom we are led to believe did pay interest, had a stand-up fight which resulted in his receiving an apology from Rhoodie.

However, he had been unable to repay the money at the time and it was only after he pulled off some big financial deal with a millionaire American

businessman that he had the liquidity to repay it.

McGoff was relieved, on a visit to South Africa early this year, to be able to report that he had now cleared himself of any involvement. It should also be noted that he came out here at that time to be asked to take over as the *Citizen* front man, an offer he first received enthusiastically but later declined on the advice of his lawyer, Richard Jones.

It is unfortunate that we do not know exactly how much interest on the money was paid to Rhoodie, but we do know that the money was ultimately returned to South Africa via Swiss bank accounts.

It should also be noted here that we suspect the money returned to South Africa travelled through Thor's account. What is also interesting, is the interplay between the funding of the *Washington Star* and the *Citizen*. The reasons for this loan will emerge later in the report under the *Citizen* connection.

McGoff, we are told, is extremely worried about his role in the *Washington Star* bid and the subsequent use by him of the capital. He fears that this could emerge in the witch-hunt now being waged in Washington to trace South African lobbying and front organisations. We also know that he has fallen out almost totally with Rhoodie. He has no respect for van Zyl Alberts, whom he describes as 'not being a businessman's ass'.

He is an extremely aggressive Irishman who, apparently, cannot be bullied and is very much his own man. He is said to be honest and generous, and resents having been used or dragged into Eschel Rhoodie's schemes, even though he benefited.

Apart from McGoff's intimate knowledge of the *Citizen* situation and repeated appeals to him to front it, there is the question of the purchase of a luxury mansion on the Florida waterways by Dr Rhoodie's secret operations team. The house, surrounded by Miami millionaire properties, is said to have cost in the region of R250 000 or R200 000.

It is situated on the Keys near the Fontainebleau Hotel and is staffed by a full-time maid, chauffeur, etc. It stands empty most of the time, being used only by private individuals.

It was purchased by Les de Villiers. There has been talk of it being sold, and we suspect that after the probe began into the Department of Information, Rhoodie had it transferred into either Panax's name or the name of Dan McGoff, John's brother. However, there must still be a record of the purchase by de Villiers and it would be, I imagine, possible to confront the various people. I am told that it was never a secret South African Government house or for the use of officials. Rhoodie is said to have 'offered' it to Les de Villiers at one point as a gift. It is possible, of course, that it was bought out of the R10-million interest being collected from McGoff.

There are literally dozens of people in the States who can assist in building up enough evidence of the McGoff connection—among them Beurt Servaas, editor of the *Saturday Evening Post*, who also received money from South

Africa (this emerged in Parliament), and who is said to be coming to South Africa this year to purchase an apartment.

Servaas was named in a book entitled *Spooks* published in 1978 and written by a former CIA officer, as being a former CIA man who had continued his links with the agency after formally leaving it. Servaas was also listed as a director of the *Citizen* when it was launched, together with people such as golfer Gary Player.

There is Andy Hatcher, the Negro deputy of Sydney S. Baron, who resigned after Les de Villiers' appointment to the company in a more senior position last year. He is bitter and said to be extremely well informed on Baron's activities.

There is also Andre Pieterse, of Film Trust in Los Angeles, and producer of the film *Golden Rendezvous*. Our information is that he was given an amount of R850 000 to produce South African documentary film material. He instead used it for this feature movie and lost the lot in the process. He is said to be very close to Eschel.

There is another film connection. Anthony Quinn starred in *Tigers Don't Cry* and this movie, I believe, was financed out of the 'G' fund, but fronted by van Zyl Alberts. When it lost money and they had to pay Quinn, the offer was made to Quinn that he accept part payment in the form of a flat at Valhalla. This flat, one of the nine purchased by van Zyl Alberts and Lotandanya (of which McGoff was also at one time listed as a director) at Valhalla, stands empty all year except for the odd visit by van Zyl Alberts. (I have been in the flat and found only copies of *To the Point*, etc.)

It should also be noted here that we have been told of Eschel's grand scheme at one stage to lure top film producers to SA from all over the world. He believed he could turn this into the world's film capital.

One of the most mysterious and impenetrable areas involves Bermuda, the Bahamas and Cayman Islands, which are mentioned in relation to currency free movements and the fact that, after Thor had to close down operations, they were moved to the Bahamas. We also know that McGoff operates his yacht out of there.

Also entering the picture at this point is Stuart Pegg, the rally driver and millionaire. He is a director of Hortors (a large South African printing and publishing house with extensive overseas interests), and lives at various times in the Seychelles, London, Cayman Islands, Cannes and at Khyber Rock in Sandton, near Johannesburg (where he owns a magnificent house).

He is reputed to be one of the wealthiest men in the country, is a director of International Business Publications and a partner in various ventures with David Abramson, also of Hortors, and formerly head of the National Growth funds which collapsed. What is Abramson doing among this crowd? He's a leading figure in liberal politics, particularly close to people like Progressive Federal Party organiser and wealthy stockbroker, Max Borkum.

Pegg and Abramson also have publishing interests in Europe and Britain.

Pegg has offices on the 22nd Floor of the Bank of Lisbon building in Johannesburg—and one of the companies of which he is said to be the manager is Universal Jet Aviation, the company that picked up the tab for Thor's 'test' flight to the Seychelles that caused so much controversy.

We know that Abramson and Rhodie are the closest of friends and suspect that the individuals now named are the ones with whom Rhodie is involved in his new business ventures. We are told, naturally, that nothing has changed—it is the old team back in operation, but just what the involvement of Pegg and Abramson is, one does not yet know.

It is also suggested that Pegg and Abramson—who launched Afri-Pix, the new Hortors picture agency run by Gordon van der Merwe (ex *To the Point*, Belgium) and Renier Botha (news editor), may have some connection in Holland and Britain with Rhodie's publishing ventures overseas.

Pegg was in the Middle East at the time that Louis Luyt sold his new jet to a wealthy Arab, and it is conjectured that he may have done the negotiations. He is also said to be an expert in 'blocked rands'.

For the record, we also know that Louis Luyt's jet was registered in the Cayman Islands through a company based in Hamilton, Bermuda, and that a half share of the aircraft was actually purchased from him by Rhodie out of the secret funds. I have since established that R1-million was paid into Thor's account by Louis Luyt after he sold his jet. This money was handled by the auditors of Thor.

It is understood that both Abramson and Pegg use the Seychelles (also a currency free area) as a stopping-off point for overseas trips.

It should be noted that my latest information from the Bank of Lisbon building offices indicates that Pegg is also one of the directors of a company called Morgan-Grampian. [Morgan-Grampian is a British-based publishing house specialising in a wide range of trade and travel publications.]

We do not yet know what the significance of this is, but I was told of Pegg's involvement with Slater Walker in which he is said to have made a killing in gold deals, multiplying a stake of R1-million many times over. He is said to have a vast fortune and owns a flat or penthouse in the Cayman Islands.

I stumbled across his name after first hearing it in Cape Town when I was told he had visited the building Valhalla to look at flats after being introduced by van Zyl Alberts. As far as we know, he never returned to the building or purchased a flat.

A top informant states that Valhalla is owned in its entirety by Thor and Rhodie, even though they officially bought only six apartments. Van Zyl Alberts and Lotandanya bought the balance (out of the secret funds?).

It is also suggested that Abramson has acted for Rhodie as a financial advisor. Abramson, who lost all his money in National Growth Investment funds and then went overseas, returned to South Africa and bought Hortors. Our financial men describe him as something of a financial genius.

While dealing with the States, I might mention the rumours surrounding South America. Various people hint at property purchases and other wheeling and dealing in Paraguay and Argentina. And finally, in assessing the States, one must also remember the hints of strong Israeli connections that are said to front for South Africa in the States.

An Israeli (Arnon Milcham), said to live in France and reputed to be very wealthy, purchased Rhodie's apartment at Oscar Dee in Plettenberg Bay. This is the apartment that was in a building owned jointly by the late Oscar Hurwitz, Nedbank, and a wealthy woman living in Pretoria. I have her name and have still to work on that angle. Hurwitz, I have been told, was also deeply involved in the secret projects. Milcham is said to have purchased the apartment at an estimated R12 000 profit. The sale was made while Rhodie was busy concluding weapon purchases, according to the contact.

Another link is Rhodie's public relations man in Jerusalem. He is Jakov Y'annay, employed by the Department of Information for some time but whom we now know to have moved almost exclusively into the secret operations.

Y'annay apparently operates in close collaboration with Israelis in the United States and is able to form a powerful lobby in America on behalf of the South Africans. We also understand that he has links with the Dutch printing firm of van den Berg and Versluijs which Don Marshall investigated in Europe.

THE CITIZEN

As with the information already detailed, the facts that have been given to us come from extremely well informed sources.

The information that Myrtle and others supply is that in 1975 the decision to launch the *Citizen* was taken. Present at the first meetings of the interested parties were Louis Luyt, Rhodie, Les de Villiers, General van den Bergh, Braam Fourie (the Department's accountant) and a man named du Preez, who is Louis Luyt's accountant.

It is probable that van Zyl Alberts was present, but this detail I cannot state with certainty.

It is not clear how much finance was allocated at that stage, but we do know that the *Citizen* operated at a loss and that money had continually to be injected into it. Then, according to the information, problems arose because money allocated for the newspaper was tied up.

Before we deal with the irregularities that took place we should speculate as to the amounts involved. We believe that the first amount to be allocated was more than R12-million. (The informant was not specific when dealing with this figure. However he did say that the amount had since grown to more than R30-million.) The money was reallocated from the Defence Budget for possibly not only the *Citizen*, but also for other publications.

The informant says the money was given to Louis Luyt and he dished it out to the *Citizen* as it was required.

It might also be opportune at this point to recall my information from Natie Ferreira (a former political correspondent of the *Citizen*) that he believes he unwittingly put to the Government the idea of the *Citizen*, although not in the form that it was ultimately to take. He told me he believed that it was necessary for an English newspaper to be launched by the Government to influence change in South Africa from within. Over a long period of time he researched and drew up a blueprint for the paper and then finally sold the idea to Connie Mulder and Dr Piet Koornhof.

Apparently it was well received. This was in about 1974. He had several lengthy meetings before he was given the impression that the Government had decided it could not afford to be associated with such a project. It was added, however, that there might be private support forthcoming from wealthy Natal people.

Finally the *Citizen* was launched and Ferreira was approached by Martin Spring, the newspaper's first editor, who had apparently been told by Connie Mulder to offer him the job of political correspondent. This led to further meetings at which he told Spring of his views as to how the newspaper should function for change.

Things did not go well with Ferreira after his appointment to the newspaper. He says they totally changed the political philosophy that he had expounded. This led to various confrontations and finally, when M.A. Johnson took over as editor, he realised he had no future on the *Citizen*.

But to go back to the financing. Our information is that during 1976 Louis Luyt ran into financial difficulties with the *Citizen* and found that he could not cope. The fertilizer world was in a turmoil and he had numerous problems.

Money that had been given to him for the newspaper had been injected into Triomf. We believe that more than R13-million was involved, and the interest was being used to finance the paper. But it was not enough.

Finally, when he was unable to raise further money from Information, there was a confrontation with Rhodie, van Zyl Alberts and Mulder. Luyt told them that he had invested the *Citizen* money in Triomf and could not get the money released immediately, although he intended paying it back when matters improved.

Our contact is hazy on dates and times and amounts, but is convinced of the accuracy of his account of the confrontation and recalls that it took place at a room in the Holiday Inn during the Rand Show period in roughly April 1977, between Luyt and Rhodie. Vorster was extremely angry when he heard what had happened.

Various people were sent to talk to Luyt but he told them to 'bugger off' and said they would eventually get their money back. He also told Mulder to tell 'that James Bond that I'll kick his backside'. He was referring to

Rhodie at the Holiday Inn meeting. Rhodie was forced as a result of these problems to raise money in Switzerland to inject into the *Citizen*, as the project was proving costlier than they had anticipated. Their budget was exhausted—at least for the time being.

Apparently the loan that was obtained overseas was later repaid from the amount returned from the United States by John McGoff.

As an interim measure, however, Luyt was forced to 'sell' half his jet to Oscar Hurwitz, who paid R1.5-million for the half share in the aircraft. The money came, as usual, from the 'G' fund.

Confirmation of this is now virtually complete in that another informant tells me that after the jet was finally sold, Luyt paid back an amount of R1.3-million to Thor Communicators. That was the deal.

When Luyt was driven out of the secret projects (or resigned) van Zyl Alberts and Rhodie flew to the United States at the end of last year to try and persuade McGoff to take over as the *Citizen*'s new front. McGoff travelled to South Africa early this year and the discussion continued, but he finally decided against it on the advice of his lawyer and friends.

Our biggest problem to date has been the tracing of the money. I believe that we should consider confronting Luyt with the Thor payment, just to test his reaction.

In our investigations into van Zyl Alberts, we have satisfied ourselves that he is a major front for Dr Rhodie. They overlap at every turn. His dealings with the Department extend into everything we investigate—from Craft Press (in which he is involved with McGoff), to Panax, Heyns Films, *To the Point*, the *Citizen*, Thor, Valhalla apartments, etc. Then there are his close links with Jussen in Holland, his ties with Andre Pieterse in movies and his vast interests which we are still busy exploring.

The amazing thing is that everything we have been able to penetrate—such as the *Citizen*, *To the Point*, Valhalla, etc.—indicates that he loses vast amounts of money every year.

Van Zyl Alberts, in talking to a contact of ours, told the contact that Louis Luyt had messed up the takeover of SAAN by talking about it prematurely. He is also said to have been linked in a business deal with Robert Smit and other Pretoria businessmen immediately before his murder. This comes from two sources, although I have so far spoken only to one.

Van Zyl Alberts is to my mind, the key to many Department of Information secrets.

Les de Villiers plays an equally vital role in the Info affair—simply because he was head of 'Planning' and therefore had an overall view of the secret projects and irregularities.

Two sources have claimed that when he was offered the job at Sydney S. Baron, he sought advice from Retief van Rooyen. Apparently de Villiers said he was worried about what was happening in the Department. He wanted to distance himself but did not want to throw up his pension and

other benefits. He was advised to distance himself from the Department and apparently took precautions to make sure that he could not later be implicated. However, he was in full control and had full knowledge of many of the irregularities already mentioned. Apart from those that we do not know of, de Villiers headed many secret projects himself such as the Club of Ten. Certainly de Villiers is known to have repaid money to the Department for various small amounts when the Barrie probe started.

We know he was with Rhodie when they paid President Manham R20 000 during one of the Seychelles trips. He is also the man who had an overall knowledge of the American connections, and was behind the Miami house purchase. He apparently had the numbers of Rhodie's Swiss banking accounts. I am told that these were de Villiers' 'insurance policies' against his later becoming the scapegoat for the wrongdoings within the Department.

One area in which Les de Villiers is alleged to have a direct interest, concerns his part ownership of the Eastern Transvaal farm owned jointly by the Rhodies, Mulder, McGoff and van Zyl Alberts. Les de Villiers knows fully the roles of South African lobbyists in the States, including Don de Keiffer, who has a lobbying contract with the South African government that is worth more than R1-million a year. He was also the man in charge of other secret projects in the States—including those associated with at least one television station.

When an advertising agency did a practicality study of the *Citizen* before it came into being, de Villiers said in front of a contact that the account should be sent to the Department of Information.

De Villiers is said to be extremely worried at pending legal claims against him in Britain for his book *South Africa—A Skunk Among Nations*. When he left the Department he asked whether he would have to bear the costs should the legal action against him succeed, and Rhodie assured him that a further R10-million had recently been transferred overseas out of the secret funds. This, he said, would take care of any problems that might arise from the book.

He also knows more precise details of a property in France, said to be on the Riviera. At this point we are not too sure whether there is more than one property involved, but a contact has seen photographs of an apartment which he describes as an absolute mansion.

At this point in the investigation we do not have enough to force a confrontation with de Villiers. He is extremely conscious that his image will be damaged by the exposures surrounding the Department.

DR ESCHER RHODIE

He is obviously the key to the whole affair—and is the only man who has full knowledge of all the front organisations and individuals. It is difficult to single out any area in which he can be shown to have either misappro-

priated funds or been party to something illegal. What has been established, however, is that his assets are vast for a civil servant, even allowing for his wife's relatively small inheritance of R70 000. Certainly his life-style outstrips that of even wealthy men such as McGoff and Luyt.

We know that his pension is in the region of R800 a month. His gratuity on leaving the Department amounted to more than R30 000. He has a Jaguar, the price or value of which is not known. He has a new Mercedes Benz SLC, worth about R32 000. He claims to have sold a stamp collection for about R36 000.

He is said to have earned substantial royalties from his books over the past 10 years—up to R9 000 on one published in America.

His Bantry Bay house was bought for R71 700. Improvements worth about R40 000 have been made to the house. This transaction was cash and no bonds were registered.

We also know that his Menlo Park house in Pretoria has a municipal valuation of R68 000. Improvements totalling R6 000 were made in 1974–75. The current municipal valuation of improvements is R49 600 and the property, which was purchased 13 years ago, was originally worth R14 400. Bonds registered against the property for R14 974 were paid off in 1975.

He has an undeveloped stand at Plettenberg Bay, bought in 1976 for R49 000, which is on sale at R52 500. No bond was registered against the property at the time of its purchase.

He has a plot in Nature's Valley at Knysna bought for R6 500 in 1976.

He has a part ownership in Reenberg, the lowveld farm jointly owned with five others, including those already named. His share is believed to be R6 000.

We know that he bought back 10 years of pensionable service for about R10 000 cash in about 1976–77—having previously lost this when he was briefly with *To the Point*.

His cash assets at the end of May included cheque and savings accounts for himself and his wife at Pretoria Nedbank totalling R47 931.

His credit rating at the Standard Bank in Pretoria was good for R50 000 within 30 days.

His earnings in 1977 from the Department were R18 000. In 1976 they were R16 400. This year it was an estimated R22 000.

We also know that he travels abroad frequently at considerable cost, and recently took his children to Israel and his wife on a tour of Greece for several weeks.

His home is the last word in luxury—from carpets that could only have cost a fortune, to silver dinner sets and very valuable cutlery.

We know that he sold his apartment in Plettenberg Bay for a profit of at least R12 000. The purchase price is not known.

We are told that he moves between the United States, France, London, and South America.

We know that he frequently walked around with a briefcase bulging with R10 notes—perhaps to pay people such as former President Mancham, when he handed over R20 000. (This transaction, as in the case of many others, was recorded secretly with the use of a bugged briefcase, bugged cigarette boxes, etc.)

The other areas that could account for his wealth could include monies that passed through his bank account for front companies such as Heyns films (which received work totalling R78 000 from the Department in 1977), the SA Freedom Foundation, the Foreign Affairs Association and other fronts known to us. The problem is that we cannot get financial records from those areas as they come out of the secret funds.

Then there are his close links with van Zyl Alberts, the multitude of companies that he has had dealings with, such as Craft Press, the *Citizen* and *To the Point*. Now we also have Pegg and Abramson, with whom he is said to be involved in new ventures.

So much for the source of his wealth. This all indicates some link with the various activities of the secret section of the Department, but we have yet to obtain proof on paper.

Sources, too, are a problem. Rhodie hand-picked his people very carefully. Many believe they are bound by the Official Secrets Act (although this is not the case, to the best of my knowledge). Some are implicated and some just don't seem to realise that there are irregularities in the Department.

But despite all of the problems, I feel sure we can get to the bottom of it. Our evidence is mounting daily and, together with the other newspapers' probing, we have exposed many areas we once thought impenetrable.

In his favour at the moment is the fact that a suggestion that a full probe of his wealth be done by Loot Reynders was 'not approved'. It is said that this would be the only possible way of discovering the true wealth of the Rhodies. And even if the approval were to be given, how could they get into banking accounts overseas?

As far as General van den Bergh is concerned, we have picked up some useful bits and pieces of information about his friendship with Rhodie. Certainly, they seem to have worked very closely on a number of projects. A major problem is that his work does fall under the Official Secrets Act, and it is therefore that much more difficult to penetrate.

I have also discovered that Rhodie was recently tipped as the man most likely to succeed van den Bergh when he intended to retire, but the General was persuaded by Vorster to remain.

We suspect that although BOSS may have funded certain projects that overlapped with Information, most of the budget that is now the focal point of the probe was channelled through the Defence vote.

FRONT ORGANISATIONS

A reliable informant tells me that he believes there are at least 29 front

organisations, and literally dozens of secret projects to penetrate if we are fully to explore the Department for all possible irregularities. Exactly how the informant arrives at the figure of 29 I cannot say, as he is afraid of talking. But I believe this to be a likely figure.

To date we have examined the company records of at least 100 private companies and organisations, rumoured to have links in one way or another with the Department. Many are no doubt innocent, but we simply cannot tell. What is strange, is the number of people who keep cropping up in apparently totally unrelated companies and projects.

THE CODE NAMES

A fascinating area that has not yet been written about concerns the code names used by the people involved in the secret activities of the Department.

I shall list some of them: Eschel is known both as GADAFFI (after the Libyan head of state) and THOR (surprise, surprise); Luyt is known as the SUN KING (after King Louis of France); Les de Villiers was DIRTY HARRY (either because he looks vaguely like Clint Eastwood or because of his predilection for pretty women).

Vorster is referred to as OLYMPUS (the God of Gods); Sydney Baron is known as the RED BARON; Dr Mulder is called KNIP OOGIES (I'm not too sure if this is simply a nickname given to him from within the Department) and Marius Jooste, chairman of Perskor, is called VV (the letters stand for a rather obscene Afrikaans description of a part of the anatomy).

General van den Bergh is referred to as either MOSES (after Moses van den Bergh or Moses from the mountain) or DIE LANG MAN (the tall man).

MISCELLANEOUS

I am told that those few who were privileged enough to be privy to the secrets of the Department, including some of those mentioned above, used to meet in private homes or even hotels before they took the luxury suite of offices later to become known as the Thor Lounge.

There are several items I have culled from the files that should also be noted. They are that Werner Ackerman, one of the so-called front men for the Department as a member of the Club of Ten, is suspected in the United States of having funded the visit to South Africa of five US congressmen. If this is so, they will have to give an explanation to the United States government in terms of the law. All were led to believe that the money was put up privately by Werner Ackerman.

In trying to establish what the link between the Department and Perskor is, it should be noted that Perskor was paid a total of more than R7-million over 13 years for the printing of *Panorama*. In 1977 alone it was paid more than R1-million. It is said that the cost of printing the English and Afrikaans editions was R100 000. SA Litho was then awarded the contract, and apparently prints the same job for R60 000 less per issue.

CONCLUSION

In conclusion I would like to suggest that we see the investigation through to its logical conclusion, whatever the obstacles. I must admit to being somewhat disheartened at this point, as well as frightened by the implications of the probe. We now know where it will end and just who we are up against. It is more than a little disturbing, to say the least.

I believe, and so do our informants, that our breakthrough will come eventually. We also believe that there are too many people involved (many of them anti-Rhodie and Mulder) who feel that what is happening is bad for the country.

There are many other details as already supplied to you in my contact reports that could be repeated in this report, but I hope that this evaluation will assist us in deciding just where we go from here.

25 August 1978.

MERVYN REES

After he read this report, Sparks called a summit meeting. 'I feel we should continue hammering away at the local informants and potential informants. If what you say is true, then there must be a lot happening behind the scenes at the moment. Let's try and capitalise on that movement. Let's see if people who would not speak in the past will do so now. Perhaps the pressures that are building up will force them to change their positions.

'Once we are sure that we've exhausted this field, then we can talk about following through in the States. My feeling at the moment is that we should not show our hand to Rhodie and Mulder. We would get nothing from them and I think we could end up simply giving away what we know. I suggest that you concentrate on people like Retief van Rooyen, who is one step down from the A team', he said.

Rees and Day left the meeting and wandered through the *Mail* newsroom. Rees, whose work over the months was becoming a source of constant embarrassment because many of his colleagues did not know what he was doing, bumped into one of the reporters who called out: 'Hi, Merv. You still on leave?'.

8

THE FALL OF OLYMPUS

'Vorster asked me to keep an eye on the kaffir taxi ...'

Mervyn Rees decided he would go all out for four people—Myrtle, Retief van Rooyen, Daan and J.F. 'Wally' Waldeck. Although he had interviewed van Rooyen and Waldeck before, they were both reluctant to talk to him. Of the two, Waldeck was superficially the person most likely to be of use because he had a massive axe to grind. He had been the administrative head of the Department of Information but had been prematurely retired in June 1978 as part of the government action taken against officials in the Department following the Auditor-General's finding that Rhodie had failed to exercise proper financial control.

Waldeck, who had been the administrative controller of the Department's covert operations, had nothing to do with the secret activities of the Department and the move against him was widely seen as an act of revenge by Rhodie. It had become common speculation that it was Waldeck who originally drew the Auditor-General's attention to irregularities in the Department. He was an 'A' rated and loyal civil servant at the time he was prematurely retired (he was later to be cleared of all blame regarding irregular handling of Info funds and indeed was praised for his courage by the Press and public). Rees had been to see him several times, but although courteous he said he was unable to pass on any information. He was, however, a man in turmoil—bitter at the treatment he had received.

He lived in a beautiful house in Waterkloof, a plush suburb of Pretoria. He was, at the age of 59, about to exercise his option to retire a year later, having achieved one of the best ratings for any civil servant in South Africa. He told Rees that once Rhodie was threatened, he knew he would become the scapegoat and would be finished. He let it be known that he had made extensive tape recordings of conversations between himself and Rhodie, as well as with other officials in the Department shortly before his retirement, because he felt that scapegoats would be sought. He had put the tapes in a bank deposit box.

Waldeck was later to seek police protection after his wife received a chilling death threat from an anonymous caller. The threat was made by a man with a 'put on' English accent who telephoned the Waldeck home and said: 'Tell that Waldeck of Information that he is going to die quickly and easily.'

His wife told Rees: 'You know, Wally nearly died just before all this. The worry of it all nearly killed him. He had been literally at death's door with a

brain tumour that affected his eyesight. But, you know, he felt he had been saved so that he could make sure that all the wrongdoings that he felt were taking place would not be allowed to be hidden. That was when he started building up a case against Dr Rhoodie.'

He told Rees, though: 'I'm afraid I cannot talk to you. You must remember I did not deal with secret projects and what I do know I have passed on to the authorities.'

Rees went off in pursuit of Advocate Retief van Rooyen. On the face of it, it was an impossible mission. Van Rooyen was as close to the heart of power in South Africa as it is possible for a non-politician to get. For the most part he was well out of the public eye, although he was known in journalistic and political circles as a legal advisor to the Government. He had been seen too at the Turnhalle convention which sat in South West Africa/Namibia to draw up a new constitution and set up a transitional government to take the disputed territory out of South Africa's control and into independence. He was legal advisor to the generally pro-South African Ovambo delegation. Those really on the inside knew him to be very close to John Vorster. In fact, a source told Rees that he was as close as anybody with the exception of General van den Bergh.

The silver-haired senior counsel first caught the public eye when he appeared for the South African police at the inquest into the death of black consciousness leader Steve Biko, who died during detention by the Security Police. Evidence of the manner in which Biko was treated by the police and government doctors shocked the world, and one of the features of the inquest were the many clashes between van Rooyen and Sydney Kentridge SC, who appeared for the Biko family.

It was during this period that van Rooyen made another public appearance: this time he was involved in a clash with Donald Woods, former editor of the *Daily Dispatch*, after Woods had given evidence before a United States sub-committee on Africa. Woods, who had been banned in South Africa after conducting a campaign against the Government over Biko's death, had recently fled South Africa.

This report, which appeared in the *Mail* on 2 February 1978, recorded their meeting:

Washington—The banned former East London editor, Donald Woods, clashed with the police representative at the inquest on Steve Biko, Retief van Rooyen, in the hallway of the House of Representatives yesterday.

While Woods was giving evidence before Charles Diggs's Africa sub-committee, van Rooyen was waiting to stage a corridor debate in front of US journalists.

'I came here on private business to Philadelphia', van Rooyen told the journalists. 'And I enjoyed everything about your country until I heard it said today that I should not have been given a visa.'

Van Rooyen stood in the corridor shaking his finger at the reporters. From time to time they laughed at him.

'You may laugh', he retorted, 'but I am telling the truth.'

He said Biko had been treated kindly by his interrogators.

'He spoke rationally to the doctor one-and-three-quarter hours after he had gone berserk and had to be restrained', he said.

'It was then by unfortunate chance he hit his head against the wall. The doctor spoke to him about his university classes and family.'

In answer to a question by Woods, van Rooyen said: 'Having heard you here today I am amazed you weren't jailed.'

Van Rooyen claimed that Woods's testimony before the Africa sub-committee was completely false.

Van Rooyen's visit to Washington caused a furore because it was claimed—a claim both he and the South African Government denied—that he was acting for South Africa in trying to discredit Donald Woods.

Nothing much was heard of van Rooyen until he was named as a member of Rhoodie's party on the controversial trip to the Seychelles to see President Mancham on secret business for South Africa. And then on 25 June 1978, just five months after the Washington fracas, van Rooyen called a curious Press conference in Pretoria.

He telephoned newspapers saying that because of the rumours and allegations surrounding Thor, it had been decided to 'throw open the books' of the secret company at the Pretoria offices of Thor's auditors.

Rees arrived at the auditor's offices overlooking Church Square on the Saturday morning, expecting that the same documentation which had been made available to Vorster's special investigator, Loot Reynders, would now be released.

Instead, van Rooyen merely issued a statement together with certificates from Thor's bankers and auditors. The statement was being released, he said, on the authority of the board of Thor, of which he and Andre Pieterse were the sole directors.

The documents confirmed that \$3-million had been transmitted to Thor's bank account from the Union Bank of Switzerland and the auditors certified that the entire \$3-million had been properly accounted for. But van Rooyen would not explain the role of Thor any further.

'But you invited us to a conference to answer questions about the role of Thor and allegations that R243 000 has gone missing. Now you refuse to explain just what Thor is all about', Rees put it to the advocate.

'My authority does not allow me to answer any further questions. No money is missing from Thor. But beyond that I cannot make a statement', van Rooyen replied.

'But you are a director. If you cannot answer questions because you do not have the authority to do so, then who has?' an Afrikaans journalist asked.

'That I cannot tell you. I just cannot say any more', van Rooyen replied. He was adamant—the secrets of Thor Communicators would not be revealed by him.

The conference ended exactly five minutes after van Rooyen had arrived at the auditors' offices and now, instead of there being answers to many of the questions that had plagued Rees, there were numerous new questions which required answers.

They included: Who instructed van Rooyen, supposedly the controlling shareholder of the company, not to answer questions and what were the sources of the company's funds?

Rees knew from several sources, including Myrtle, that van Rooyen was deeply involved in the Rhodie secret projects. He had discovered too, that van Rooyen's wife and Rhodie's wife had studied together and that the families had renewed their friendship after they had both moved into the same neighbourhood in Pretoria. Rees was to see van Rooyen several times over a period of months, but the advocate was usually both aggressive and evasive and Rees got the distinct impression that van Rooyen was trying to pump him to establish the extent of the *Mail's* knowledge of Muldergate.

But when he went to the van Rooyen home in the latter part of 1978, he was shocked at the change in the man. He was pale and drawn, the hands had a slight tremor, the voice soft. Gone was the arrogant advocate of the Biko inquest; gone was the sneering questioner of Donald Woods; gone was the foreigner who wagged an angry finger at the Washington Press Corps only a few months ago. Rees had a very frightened and shaken man in front of him.

'What's wrong, Mr van Rooyen, are you ill?'

'Please go away. I don't want to see you any more. There's nothing I can say. Just please go away.'

'Can I help you in any way?'

'No, no . . . I'm all right. But my wife's not well. We are just sick and tired of this whole thing. Please just go away.'

Rees moved as the door closed. As he reached the gate he stopped and glanced back. He caught a glimpse of a face disappearing behind the curtains as they snapped back into place.

He went to a call-box and phoned van Rooyen's chambers to see if he could glean anything from the telephonist, anything that would explain the metamorphosis. All he got was: 'Advocate van Rooyen has not been here for ages. Please leave a message.'

What had happened? What had changed him?

Rees and Day discussed van Rooyen's distress at length and decided that it must signify a major upheaval of some kind behind the Muldergate scenes. Day persuaded Rees to break one of his cardinal Myrtle ground rules: take the initiative and ask for a meeting. When Rees put the phone call through, Myrtle refused to reply. But two days later the now-familiar voice called Rees and they

set up a meeting—this time at the Transport Museum at Johannesburg's Pioneer Park. While examining the shiny brasswork of a fire engine from the 1920s, Rees put his case.

'Look', he said, 'I'm sorry for calling, but this is most important. I went to see Retief van Rooyen the other day and he seems to be in some kind of trouble. I thought you might be able to give me an idea of what it's all about?'

Myrtle inspected the fire engine's hose and said quietly: 'Van Rooyen's in trouble because things are not quite going the way he expected them to go. He is now playing so many ends off against each other that he doesn't know whether he's Arthur or Martha. The question you must ask yourself, and I'm sure that 'Rit' [van Rooyen's nickname] asks himself this night and day, is: "What happens to van Rooyen if Connie and Eschel stay in power?" That's his problem.'

'But why should that bother him? He's been their agent, he's an old friend of Eschel's, he's in with the Prime Minister?'

Myrtle seemed to tire of the fire engine and moved slowly towards an old Red Cross field ambulance that looked like something out of *A Farewell to Arms*. Rees could see, though, that he was watching the entrance carefully.

'You're wrong', Myrtle said, 'he's very much on his own these days. Vorster's going to retire soon and Rit's been using whatever information he has to influence the people he thinks have the best chance of becoming Prime Minister. Obviously it did not look a few months back that Connie had any kind of chance. He's making a strong comeback though and Rit might have backed the wrong horse, in which case he's politically dead.'

'What kind of information does he have?' asked Rees.

Myrtle was getting edgy, giving his watch more attention than he was allowing Rees or the Hemingway ambulance.

'Thor Communicators handled big Information business. You should keep pressing about the *Citizen*, the Valhalla flats, the *Washington Star*, the Plettenberg Bay house. Those kinds of things.'

Myrtle started to move off again, but stopped suddenly, turned round and said: 'Rit, you know, was asked by Vorster to keep an eye on what he called the "kaffir taxi".'

'"The kaffir taxi?"'

'Yes, apparently that's what he said. He meant Rhodie's outfit. Didn't you know that Rhodie's nickname at school was "kaffir"?' Myrtle smiled, waved goodbye and walked briskly to the car park.

Rees related this conversation to Sparks and Day. Sparks pounced on the reference to Vorster's possible retirement. 'Can this be true?' His scepticism was supported by careful inquiries to the *Mail's* political bureau. A political correspondent employed by a member of the Morning Group who was particularly close to the Prime Minister's office was also questioned and he said: 'Vorster has told everyone there is nothing to worry about. He seems supremely confident that he and the party can handle the Information problems.'

Sparks agreed that there must be a cogent reason for van Rooyen's agitation and that Rees should make an all-out effort to get close to the Pretoria advocate. It was also agreed that Rees should take Myrtle's advice and throw a few curved balls at van Rooyen.

But when Rees went to see van Rooyen, he hardly had the heart to come on tough at the man. He looked even worse than the last time the journalist had seen him. The carefully combed silver hair which had cut such a dashing sight at the Biko inquest was now dishevelled and grey. Dark circles ringed the once sharp eyes and he kept taking off his glasses and rubbing his eyes which must, thought Rees, account for some of their redness. He discovered, though, that there was another reason: van Rooyen had hardly slept for the past few nights. Somebody, he told Rees, had been moving about his grounds at night and he had stayed up, patrolling the property, with his shotgun cradled in his arms. His wife, he said, had almost reached the end of her tether and was very ill. There had been anonymous, threatening phone calls. 'Let's go and sit down in the garden', he said. The advocate and the journalist moved to a swing-seat at the bottom of the garden and began to talk.

Rees began to outline, in broad terms, some of his knowledge about Thor Communicators. He said he knew that money moved through Thor bank accounts was used for projects like the *Citizen* and the *Washington Star*. He said he knew, too, that Thor had been involved in the purchase of the Valhalla flats at the famous Clifton beach in Cape Town; that it had been proposed that Thor money be used to buy a beach cottage at Cape Town. 'Look', he said, 'I'm not saying you were involved in these things. I'm saying that you must tell me what you know. How can you sit back and allow these things to happen, for them to be covered up? Surely Afrikaner Nationalism is not built on this kind of deceitful platform?'

Van Rooyen took off his glasses and rubbed his eyes for the umpteenth time, glancing up at the curtained main bedroom of the house at the top of the garden. 'Yes, yes, I know, I know. Do you think I don't think about those things? Do you think they don't keep me awake at night?'

'I'm sure they do, Mr van Rooyen. But is that enough? Just to have sleepless nights? What are you going to *DO* about it?'

Van Rooyen put his glasses back on and leant back, making the swing-seat squeak. 'I'll tell you what I know, which isn't all that much, and which doesn't make it any easier for me either. I think lack of knowledge is the thing that drives me mad as much as anything in this whole business.'

Van Rooyen said that his wife and Eschel Rhoodie's wife, Katie, had been at teachers' training college together and it was through this that he developed a friendship with Rhoodie. They drifted apart but met up again when the two families moved into the upper-middle-class Pretoria suburb of Menlo Park. The two men bumped into each other quite often as van Rooyen did increasingly more work for the Government. Rhoodie, of course, was a fast-rising, very bright star on the civil service skyline.

'And then one day', van Rooyen told Rees, 'Eschel began to talk to me about the onslaught that faced our country. He outlined the kind of methods that were being used against us from all quarters, methods, he said, that were insidious as well as obvious.'

'It was no use, he said, merely to protest. Double standards should be exposed; aggression was needed, not cap-in-hand diplomacy. If they used tricks, he said, was it enough simply to shout: unfair! Did that not, in fact, give one the right to use tricks to defend one's country? You don't know what it's like out there, he said, it's rough and tough and we need all the help we can get.'

'And, he said, I could help too. What was needed was for people like myself, private people, businessmen, lawyers, journalists, farmers, to help fight that fight. What he needed from me was my name. He wanted to put my name to a company which would be used to help his Department, and our country, to fight our enemies. It was, he said, a call which any patriot would answer.'

'What could I say? What he had spoken of was true and I said yes, yes I would help.'

He told Rhoodie, though, that he was extremely tied up with his work at the Turnhalle and spent most of his time in South West Africa/Namibia. 'I don't have the time for a whole lot of extra paperwork and that sort of thing I told him.' On his insistence Rhoodie agreed to appoint auditors who would handle the affairs of the company: Thor Communicators.

'Things went along smoothly until one day I got a phone call from Thor's bank to say: "Three million dollars have arrived here from a Swiss bank for Thor, what must we do with the money?"'

'My blood ran cold. Three million dollars? From a Swiss bank? For Thor? Hell, I didn't know what to do. So I told the bank that I'd call them back.'

Van Rooyen rubbed his eyes again, and began to pace up and down in front of Rees.

'I called Eschel and said: "What the blazes goes on here?" Thor's bankers have just phoned me to say there's three million dollars arrived here from Switzerland. Eschel replied quite calmly: "Oh it's arrived, has it. Good. Please transfer it to the following bank into the following account number".'

Van Rooyen said he realised then that he was into something very big, but Rhoodie's casual manner set his mind at rest. Everything seemed under control, in order. But his sense of well-being began to evaporate as a series of strange requests began to reach him. 'Then I got a call from the auditors saying they had a post office technician with them wanting to install a telephone in Thor's offices. Again this shook me, because I did not know that Thor had any offices. I called Eschel and he sent the key of the offices to the auditors. I picked up the key and took the technician to an address I was given by Eschel. The door to the offices was nondescript, no lettering or anything like that. I opened it and went inside.

'There was a small reception area which led into a massive lounge in

extremely plush surroundings. There were deep-pile carpets, expensive works of art on the walls, and luxurious furniture. That was the first and only time I went into Thor's lounge.'

(Rees had established through Myrtle and other sources that the lounge was bugged and a hidden camera had been installed at the front door to photograph people. The lounge was used for secret meetings with Department of Information agents. The plush carpet was used, too, by a senior member of the Department to make love to one of the 'minnows' Rees had interviewed early in the investigation.)

Van Rooyen continued: 'Then Eschel came to me and asked for Thor money to be used to buy flats at Clifton beach. I told him I couldn't understand what that kind of operation had to do with saving South Africa from a political onslaught.'

He said he also worried about the Seychelles trip that he and his family had gone on with Rhodie. 'All this began to add up to something funny and when rumours started to circulate that there were irregularities in the Department of Information I really began to get worried. Then suddenly Loot Reynders turned up to see me, saying he was conducting an investigation into the Department's affairs on behalf of John Vorster. I was a most relieved man, I can tell you. I handed over all Thor's books as well as telling Loot all I knew. At the time, I was also warned by General van den Bergh that I was not to talk about anything because this area fell under the Official Secrets Act.'

Rees asked: 'But why are you in this state? What are you afraid of?'

'I haven't decided whether I want to talk to you about that side of matters at this time. You must realise how sensitive everything is and you must realise that my wife and I are under great pressure.'

Rees left the van Rooyen home on the understanding that he would call again soon, and under the firm impression that van Rooyen was waiting for something to happen. Was it Vorster's retirement? Rees called Daan, saying: 'I understand Vorster is planning to retire. Is that true, because our political people say they can't believe that?' Daan said curtly: 'It's true'.

The speculation on Vorster hardened when he went into Tygerberg Hospital in Cape Town where he was discharged on 6 September after his annual check-up. But this time the usual, bland 'he's fine' statement was not issued. A medical spokesman said Vorster was found to be suffering from exhaustion and bronchitis. Talk was particularly rife at the annual National Party's Transvaal congress held in the middle of September 1978, that Vorster would go soon, possibly to take up the State Presidency following the recent death of another great figure in Afrikaner Nationalism, Dr Nico Diederichs, whose key role in Muldergate was to emerge later. Mulder put in a superb performance at the Transvaal congress, reiterating his claim that the furor over the Department of Information was nothing 'but a storm in a teacup'.

Amidst the growing white backlash against events in Zimbabwe/Rhodesia and South West Africa/Namibia and concessions for blacks in government

policy at home, Mulder cleverly entrenched himself as not only the leader of the National Party's most powerful province, but also as the leader of the party's right wing. In a bid to steer support away from his challengers in the premier stakes, he told the congress that Zimbabwe/Rhodesia's downfall began when its government started making concessions and negotiating in an attempt to appease the outside world. 'These attempts', he said, 'seem to be a signal for more bloodshed. I ask you, are we prepared to make concessions like Rhodesia has made? The answer is no.'

So strong was the Mulder fightback that political commentators had him as clear favourite to become Prime Minister should Vorster resign. Mulder's main rivals were Pieter Willem Botha, leader of the National Party in the Cape; low-profile Fanie Botha whose wife Martina had formidable power among Afrikaner women's movements; and the young Minister of Foreign Affairs, Pik Botha.

Until shortly before the middle of 1978 it was unthinkable that the Cape leader of the party could become Prime Minister because of the strong influence and voting power of the Transvaal. But P.W. Botha, the most senior Cabinet Minister after Vorster, had worked himself into a fine position to take over the premiership. A strong factor in his favour was his apparent success in forging alliances, particularly with such influential Transvaal politicians as Fanie Botha. He also had stature on his side—accumulated with seniority—and would benefit from the ideological and leadership battles in the Transvaal. Fairly liberal on coloured rights, hawkish on security and military matters, Botha had earned a reputation as a brilliant party organiser during his barnstorming youth. Elevated to Cape leader and appointed Minister of Defence twelve years previously, the 62-year-old Free-State-educated Botha imposed on the Cape party an almost military discipline, earning a further reputation as an authoritarian, but highly volatile, often extremely emotional personality. Mainly responsible for the rapid and successful development of the Defence Force, he successfully persuaded the Cabinet to send troops into Angola during the civil war in 1974. He and Mulder were known to have an intense dislike for each other.

The meteoric rise of Pik Botha, a 46-year-old former advocate and career diplomat was widely attributed to the patronage of Vorster, who had taken an almost paternalistic interest in the youthful Minister of Foreign Affairs. But Vorster's illness may have killed off his immediate hope for the premiership because, as a relative newcomer, he still needed time to rise in the party hierarchy and encourage confidence among conservatives. Probably spurred on by Vorster's hopes for him, Botha entered politics in 1970 at a fast and furious pace, creating a strong relatively liberal image and building substantial rank and file support among Afrikaans- and English-speaking whites through skilful use of television and the Press. Modelling his style on Vorster, his greatest asset was his aggressive use of brinkmanship, most particularly over the South West Africa issue. However, apart from his short career in politics,

his greatest liability was the doubt among many Nationalists over his ideological 'purity'. He had publicly opposed the Immorality Act and had called on the Government to associate itself with the UN Declaration of Human Rights.

The third Botha in the race was the Minister of Labour, Fanie Botha. He ascended the National Party ladder almost unnoticed by the general public because of his extraordinary low-profile approach to politics. Highly regarded as an administrator with sound financial knowledge, one of his greatest assets was said to be his formidable and ambitious wife, Martina, a member of the party's federal executive.

Described as the compromise candidate, he had escaped with a neutral profile and had widespread support in his home province, Transvaal, as well as in the Cape and Free State. His appointment in 1975 as a director of the Cape-based *Nasionale Pers* newspaper group underlines his strong links with the Cape leader P.W. Botha, which suggested an alliance between them.

And then on 20 September 1978 Vorster announced his retirement after twelve years as Prime Minister. But under pressure from his colleagues, he said he had agreed to make himself available for the State Presidency. Grim-faced throughout the announcement, he told about 200 television and news-media representatives that the 'time had come for me to step down'. He smiled only once and that was when he told the newsmen he would miss them—and 'you might even miss me too'. He refused to say whether the State Presidency under him would have more powers. 'I thank my Maker for the chances and opportunity that I have had. I have had a full life, and I am thankful for that. I leave public life without any grievances.'

Vorster's announcement came as a bombshell, particularly as South Africa faced unprecedented problems and the majority of white South Africans were looking to him to solve them. At the Press conference Vorster outlined a bleak picture and the *Mail's* banner headline the next day read: SA IN CRISIS. Then followed this report:

South Africa today faces the most critical era in its history after the resignation yesterday of the Prime Minister, Mr Vorster, and the Government's decision to defy the United Nations on the South West issue.

Mr Vorster coupled a sad valediction with the news that South Africa will go ahead with internally sponsored elections in SWA without international approval.

Major implications of these steps emerged at home and abroad after the announcements by Mr Vorster at a tense Press conference in Pretoria.

On the international front, the implications were:

The threat of sanctions, possibly being effected by next year.

An escalation of the guerrilla war against Swapo in South West Africa.

A boycott of major political parties in the territory of the scheduled 20 November elections and a certain refusal by the international community to recognise independence granted by the South African Government.

There remained a remote possibility of further negotiations between South Africa and the UN. The Government had indicated it was leaving the door open to future talks.

Internally the outcome will be:

The election of a new Prime Minister by Thursday next week after fierce rivalry for the position.

The fact that a new, untried leader will immediately face the most complex problems in South African history.

The certain election of Mr Vorster as the new State President and his involvement in negotiating a new constitution for whites, coloureds and Indians.

The next week saw the most hectic lobbying in National Party history as the three Bothas challenged 'Crown Prince' Mulder for the premiership. Fanie Botha withdrew in the 'interests of party unity' two days after the Vorster announcement, but the Afrikaans Nationalist newspaper the *Vaderland* said he was the victim of 'scandal stories' during this 'cat and dog fight'; Pik Botha was also urged to withdraw his candidacy in the interests of unity—but he refused. Mulder appeared to be gaining support and seemed well ahead. P.W. Botha was trying desperately to get the Fanie Botha camp to switch to him against Mulder.

Rees arranged an urgent meeting with Myrtle on Friday 22 September 1978—just two days after the Vorster resignation. Myrtle was not his usually phlegmatic self, he seemed excited. 'Hell, Mervyn, you can't believe what's going on here, man. They're fighting like dogs around a bone.'

'Who'll win, who's going to make it?'

'Connie's home and dry. It's all over bar the shouting. The General and Eschel have already started to rub their hands. They're going to close it all up, the *Citizen*, the *Washington Star*, everything.'

Rees then called Daan who said his information was that Mulder was going to win. Rees said: 'Well, in that case the next Prime Minister of South Africa is going to be blown out of the water because I know he's lied to Parliament.'

Then Rees tried to get hold of Retief van Rooyen, but the advocate had disappeared.

Then another bombshell was dropped. The pro-Mulder newspaper, the *Transvaler*, published a report saying that Vorster's special investigator into the Department of Information, the BOSS auditor, Loot Reynders, had completed his investigations and had cleared Mulder and his department. The report appeared in the *Transvaler* on Saturday morning, the day after Rees had seen Myrtle. This report, which appeared on the front page, was immediately seen as a tremendous boost for Mulder's already strong chances of becoming Prime Minister. It would free him from charges that he might, if elected as Prime Minister, be embarrassed by further disclosures relating to his old portfolio.

Approached for comment on the *Transvaler* report, Reynders told the *Mail*: 'I had nothing to do with it. I don't know where the reporter got the information from.' Asked whether he could confirm that his investigation had been completed, he said: 'I cannot say yes or no. I can only refer you to the Prime Minister.'

When Rees and Day saw the report that Saturday morning in the *Transvaler*, they immediately realised its importance. Who had leaked the information about Reynders to the newspaper? Did the leak mean that Vorster was backing Mulder? Did that mean the cover-up would be effective? Rees recalled the Myrtle meeting at the Transport Museum when he said that Retief van Rooyen was using his information against Mulder and would have a lot to lose if Mulder won. It's obvious, Rees decided, that van Rooyen would have some of the answers. But where was the advocate? Rees searched high and low for him throughout that Saturday as well as on the Sunday. Van Rooyen was nowhere to be found.

The reason, Rees discovered later, was that van Rooyen was initiating something that would change the face of South Africa.

9

THE PREMIERSHIP STAKES

'What I saw there horrified the hell out of me ...'

Mervyn Rees's search for van Rooyen continued throughout the weekend against a background of intense activity within the National Party. Pik Botha's supporters were holding constituency meetings throughout the country, trying to capitalise on his overwhelming public popularity, particularly in areas where MPs were known not to have made up their minds. With only two days to go, however, it still looked as though it was Mulder's race.

But for those who cared to read between the lines, the message was there. In a front page lead article on the prime minister stakes, the *Mail* said of Mulder: 'Influential Broederbonders may regard his election as Prime Minister as too risky because of possible further disclosures about the now defunct Department of Information, of which he was Minister.'

Sparks, Rees and Day knew that if Connie Mulder made it he would unleash all his power to stop anything damaging from being published. Myrtle, for instance, had told Rees that laws would be amended to make it impossible for more disclosures to be made and that the full might of BOSS would be put against newspapers such as the *Mail* which had extensive information. Rees turned to Day bitterly: 'It looks as though none of this is ever going to be published.'

His chagrin however did not stop him going after van Rooyen once again. On Monday 25 September Rees waited outside the advocate's home until he arrived at 6 p.m. Van Rooyen appeared nervous and jumpy and said: 'There are big things happening but I can't go into any detail. I'm sorry, Mervyn, but I can't'.

But Rees persisted: 'I've been searching all over the place for you. I want to talk to you particularly about that report in Saturday's *Transvaler* about Reynders clearing Connie and the Department.'

'Mervyn, I can't tell you how that shocked me. I've taken certain steps and all that I'm prepared to tell you is that there's going to be hell to pay for Connie at tomorrow's Cabinet meeting.'

'Can I call you tomorrow after the meeting?' Van Rooyen looked at Rees with a long stare. 'Fine', he said eventually, 'you call me tomorrow. But if you phone, you'd better say you're a building contractor wanting to see me about my new house. If I can see you I'll agree to the meeting.'

As the Cabinet met on Tuesday 26 September, Rees phoned van Rooyen. 'Mr van Rooyen', he said, 'I'm phoning about that building material you ordered for your house. Can I come and see you about it?' There was a long silence: Rees held his breath. Then: 'Come to my house right away if you can.' When he arrived, van Rooyen took him down to the bottom of the garden and they sat on the swing-seat.

'How's your wife, Mr van Rooyen. Is she still ill?'

'Mervyn, I can't tell you what this thing has done to our lives. You cannot believe what I've been through these past few days.'

'Well, can you tell me about it?'

Van Rooyen, first getting Rees's assurance that he would not publish anything at that stage, unburdened himself. After seeing the 'leak' of the Reynders report in the *Transvaler* a few days before, he realised that something had gone very badly wrong. In his dealings with Reynders he had been under the firm impression that the BOSS auditor was far from happy about the state of affairs regarding the secret side of the Department of Information. He had felt that Reynders was being stopped from getting into vital areas, but that even those areas that he had managed to investigate had caused him a great deal of disquiet.

'I realised, Mervyn, that this was a deliberate leak on behalf of somebody who was trying to get Connie Mulder to become Prime Minister. I knew I had to do something to stop him. I had put my head through the door of potential dictatorship and what I saw there horrified the hell out of me.'

Van Rooyen said he had contacted a few Cabinet Ministers—he would not say who they were—and told them what he knew and suspected about the secret operations and irregularities in the Department of Information. 'I'm afraid, Mervyn, that I used some of the information you said you had in your possession and told them that apart from anything else the *Mail* had this kind of information and that they would use it against Connie Mulder if he became Prime Minister. I told them that South Africa and the National Party would be in an incredible position because the Prime Minister himself would then be heavily involved in irregularities.'

'What's the position now, Mr van Rooyen? What's going to happen at the Cabinet meeting?'

'Well, the people I spoke to are going to confront Connie with everything. They're going to force him to withdraw his name. I think that you must expect a big announcement tonight.'

He also mentioned that he had given a sworn statement to Mr Justice Anton Mostert, who was heading a one-man government commission of inquiry into currency contraventions. He had given the statement the previous day after the judge had asked him to do so. 'I had no real choice', van Rooyen told Rees. 'He could have subpoenaed me if I had refused.'

Rees called Day from Pretoria and told him the news. 'It looks as though it's all over for Connie', he said. Day called Sparks and the newspaper's political bureau were alerted to the probability of a bombshell statement

being issued after the Cabinet meeting. Then followed a call from the Prime Minister's office—he was about to issue a statement regarding the investigation into the Department of Information. This was it, van Rooyen was right: the *Mail* began to gear itself to a major event. Vorster's statement which followed the last Cabinet meeting before he became State President, was indeed a bombshell, but certainly not the one Rees and Day had been expecting. Vorster confirmed that the audit of the Department of Information's secret funds had failed to reveal any improper spending. He pointed out specifically, however, that an evaluation of the merits of the Department's policy decisions was still in progress. He issued the Reynders report (all of three paragraphs long) which read:

I have examined the funds made available to the Department of Information, now the Bureau for National and International Communication, for secret projects from 1 April 1973 to 31 March 1978.

According to the registers and documentary evidence submitted and the explanations given to me, it is my opinion that proper account was kept of all receipts and expenditures during the period mentioned and comprehensive tests which I carried out brought no mis-expenditures to light.

In terms of my instructions, I was not expected to go into the merits of and evaluate policy decisions in connection with the various secret projects. I therefore have no comment to make on the eventual expenditure of payments made.

Vorster also announced that General van den Bergh, who had recently retired as head of BOSS but who had been asked by Vorster to help with the investigations into why money was spent on secret projects, would retire completely from State service—before his investigations were complete. He said that these would be taken over by Koos Kemp, a senior member of BOSS.

Sparks, commenting editorially, on 27 September said: 'It is an amazing situation. On the eve of the election of a new Prime Minister, the main focus of attention of the country and of the Cabinet has become the credibility of one of the major candidates for the position.' The Reynders report, he said, did not give Connie Mulder a clean bill of health. 'So the books balance—but what was the money used for?'

But the big worry for Day and Rees remained: What had happened to van Rooyen's promised bombshell? Was he to be trusted? Although Mulder had lost ground he was still in there with a good chance of winning, so it did not appear as though van Rooyen's Cabinet ministers had said or done anything. Had he, in fact, ever spoken to any minister? To make matters worse, the advocate had done another of his disappearing acts and Rees simply could not track him down.

On Wednesday 27 September, the eve of the meeting in Cape Town where the National Party caucus would elect the new Prime Minister, the leader of the

party in the Free State, Alwyn Schlebusch, took an unprecedented step and publicly announced that he was endorsing P.W. Botha. 'And I'm organising for him', he added. It appeared that Botha was now ahead of Mulder and Pik Botha, and that the Foreign Minister's supporters would be likely to vote for P.W. Botha who now had the Free State behind him.

Late on Wednesday night, Rees managed to contact van Rooyen. Rees was angry: 'What happened at the Cabinet meeting? Why didn't Connie withdraw? You made me look a fool in front of my editor.' Van Rooyen replied: 'They did try to force him to withdraw, but he refused. He says he's ahead and will stay in there to the end. Pik Botha even offered to withdraw if Connie did, but again he refused. Did you see the Schlebusch statement? That's very significant. I can tell you that they're at this moment still trying to force Connie to withdraw.'

This information was passed on to the *Mail* political editor, Martin Schneider, who was covering the premiership race in Cape Town. This was his report, which appeared on Thursday morning as the National Party caucus went into session.

The Minister of Defence, Mr P.W. Botha, enters today's Nationalist caucus meeting as the man most likely to lead South Africa through the most critical era in its history.

He was heading for victory in the premiership race amid predictions that last minute moves would be made to call for the withdrawal of his main rival, the Transvaal leader, Dr Connie Mulder, over the investigation into his disbanded Department of Information.

Yesterday National Party Free State leader, Alwyn Schlebusch, took the unusual step of publicly endorsing P.W. Botha.

Dr Mulder has conceded that he may have lost some votes after the latest developments in the investigation into the disbanded Department.

P.W. Botha's supporters, backed by the Party's Cape organisation, which has campaigned for him with almost military precision, were predicting that he could even win on the first ballot against Mulder, and the third candidate, Pik Botha, Minister of Foreign Affairs.

But the most widely held view, after a day of drama, marked by the most intense lobbying in the party's history, was that Pik Botha, despite his massive white public support would drop out of the first ballot and swing the majority of his support behind his namesake.

Alwyn Schlebusch, Minister of the Interior, told the Nationalist newspaper, the *Vaderland*: 'I am a supporter of Mr P.W. Botha and an organiser for him.'

Supporters of the Minister of Foreign Affairs, however, claimed, 'the most unexpected support among the 172 MPs and Senators who meet behind closed doors in the House of Assembly at 11 a.m. today to elect the new Prime Minister'.

But all three candidates made it clear they would be taking their campaigns into the caucus meeting. P.W. Botha said simply: 'I am not withdrawing. I have enjoyed the contest.'

Dr Mulder confirmed that he would not be withdrawing, but conceded that he might have lost a few votes.

Pik Botha said: 'I am not withdrawing. It's been a fair fight.'

The victor at today's caucus meeting needs 87 votes for a majority. In a three-cornered contest, the candidate with the least votes is automatically eliminated and a second ballot held.

The whole of white South Africa waited with baited breath for the result of the most extraordinary political race in the country's history. The TV cameras zoomed in as the 172 National Party MPs and Senators filed out of the caucus room. The result: P.W. Botha had beaten Connie Mulder on the second ballot by 98 votes to 74. The fact that he had come so close was unbelievable. In the first ballot the voting went: P.W. Botha 78; Mulder 72; Pik Botha 22.

The role van Rooyen played in this was remarkable and full of high drama. It emerged, a long while later, that this is what happened:

Van Rooyen was thrown into a panic when he saw the front-page report in the *Transvaler* on the Saturday that Reynders had cleared Connie Mulder. Van Rooyen knew that Reynders had grave misgivings about what he had been discovering in his investigations into the Department of Information—and this was totally inconsistent with the report which appeared in the *Transvaler*, ostensibly clearing Mulder.

What was the explanation? Van Rooyen concluded, quite correctly, that this version of the Reynders report had been leaked to the *Transvaler*, probably by Mulder, in a bid to clear the way for victory in the premier stakes. Van Rooyen believed, again quite accurately, that some form of pressure must have been exerted on Reynders to make him 'forget' his misgivings.

The implications of all this for van Rooyen were two-fold; first, Mulder still retained enough clout to wheel and deal in this fashion—and it looked as though he might yet win; secondly, if Mulder won, van Rooyen was politically dead because he had been canvassing support for the anti-Mulder faction (probably in the belief that Mulder would not survive the furore).

Having seen the leaked Reynders report that Saturday morning in the *Transvaler*, van Rooyen knew he had to do something—and damn fast, too.

Van Rooyen telephoned Pik Botha, saying he wanted to see him urgently on a matter of extreme importance. He told Botha what he knew, or believed, about the Department of Information's activities—including the secret funding of the *Citizen* with government money channelled through Louis Luyt. Botha called a Cabinet colleague, Health Minister Schalk van der Merwe and told him the van Rooyen story.

On Sunday 24 September van Rooyen and Pik Botha went to Cape Town to see P.W. Botha and Alwyn Schlebusch. Also let into the secret was the Minister

of Economic Affairs, Chris Heunis. Schlebusch, by all accounts, was appalled. So much so, that he threatened to quit the National Party unless Mulder withdrew from the premier stakes. (Schlebusch's integrity was to play an important role throughout Muldergate.)

On Monday 25 September the two Bothas, with Schlebusch and Heunis, confronted Vorster. 'Olympus' confirmed what van Rooyen had told them.

The next day, Tuesday 26 September 1978, the Cabinet met, and Vorster produced the simple Reynders report. 'Olympus' told the meeting that he was going to issue the report without further Press statements, or any qualifications.

Pik Botha objected, asking Vorster to repeat to the full Cabinet what he had told them at their meeting the previous day; Vorster did so, and Mulder was under the whip. He refused to withdraw from the race, though, and this led to Schlebusch making his unprecedented statement, publicly supporting P.W. Botha. Pik Botha also demanded Mulder's withdrawal, but Mulder refused to budge.

But, as history now records, Mulder was narrowly beaten. The van Rooyen plan, however, did not work exactly to schedule:

Fanie Botha was to have been the original benefactor of the information against Mulder, and Pik Botha was to have been used as the hatchet man for Fanie Botha against Mulder. Apparently Pik Botha got carried away by the sudden popular man-in-the-street support he received and, believing that he was in with a real chance of gaining the premiership, he dropped his role as a stalking horse for Fanie Botha and decided to try to win the race himself. He made a lot of enemies this way (except for P.W. Botha whom he finally supported in the second ballot) and for months afterwards his shares inside the party were virtually nil, although he continued to be popular with many white South Africans through his frequent charismatic appearances on TV.

The stakes that van Rooyen played at that time were extremely high. Had he failed, had Mulder won, the Pretoria advocate would have been in a totally exposed position with the people he had tried to crush—Mulder, Rhoodie, van den Bergh—in total control. So when he had told Rees that he 'had put his head through the door of potential dictatorship' it was not only the corpse of democracy that he saw lying there—it was his own head as well.

The in-fighting that had taken place was unprecedented in National Party history; the party had always prided itself on its ability to close ranks when trouble loomed (and anybody who broke those rules was buried either inside, or outside, the Party). The aftermath of the prime ministerial election showed that this was no longer the case, and indeed, that matters would worsen rather than improve. Mulder, although he had lost the premiership, was still leader of the strongest province in the Party. He pledged that he would let bygones be bygones, but nobody believed him. Certainly van Rooyen didn't.

Another pledge at that time came from P.W. Botha. As part of his inaugural speech on the steps of the Houses of Parliament in Cape Town, he promised a 'clean and honest administration'.

Sparks commented on this in his leader in the *Mail* on 29 September 1978:

The Information Department scandal has got to be cleaned up, once and for all.

It is intolerable that this affair, with all its suspicious circumstances and large unanswered questions, should be left to lie there like an untreated cancer in our body politic.

We have just seen it dominate the election of the new Prime Minister at a time when our nation is facing perhaps the gravest period in its history.

In the end, it wasn't so much a matter of who would be the best man to deal with the formidable problems closing in on us that counted as much as the Department of Information affair.

What an issue on which to choose a Prime Minister in time of crisis! What a disgrace that it should have been so. That is why we say that the cancer must be removed now, even if it involves major surgery.

Mr Botha pledged, as one of the main themes of his premiership, 'at all times to uphold honest public administration'. Excellent. But that means he must start with a clean slate by wiping out this sordid affair. And only a full, public inquiry can do that. No more of these secret investigations into secret activities, which are only adding more doubts and questions to the whole business.

The first few weeks were hectic for the new administration: no sooner was Botha in office than the Foreign Ministers of the Big Five countries—the United States, Britain, France, Germany and Canada—announced they were coming to Southern Africa to discuss ways of solving the SWA/Namibia crisis. But where did that leave Rees and Day and the Muldergate investigation? They took stock again, paging through the contact reports and up popped van Rooyen's remarks to Rees that he had given a sworn statement to an obscure commission, headed by Mr Justice Anton Mostert.

Who was Judge Mostert? What was he doing?

Chris Day was excited when Mr Justice Mostert's name emerged in the investigations. The journalist had seen him conducting outstanding cases against Connie Mulder's censorship board findings when he was at the Bar. He had also specialised in newspaper law, and had been legal advisor to the Afrikaans newspaper group, Perskor. Day's impression of him was that of an approachable person, with a keen understanding of what makes journalists tick, and with a real appreciation of the functions and role of the Press. Inquiries revealed that he had risen from humble beginnings, the son of a Swartruggens farmer, kept poor by the Depression of the '20s and '30s.

The Mostert family had moved to Johannesburg, where Anton matriculated at the age of 16 and was articled as an attorney. While practising as an attorney, he became a South African Air Force fighter pilot with the intention of flying in the Korean War. When the war suddenly stopped, it left the young attorney disappointed that he had missed the fight. He studied at night, worked during the day and was admitted to the Bar where he practised as an advocate.

Although Anton Mostert's background showed no formal political links, he was very much an Afrikaans Nationalist. While attending the University of the Witwatersrand, he threatened to bring an urgent Supreme Court interdict against the University because it had ruled that all students were automatically affiliated to the liberal student body, the National Union of South African Students (NUSAS); the University backed down. Mostert had pioneered the way for a conservative student body to be formed on South Africa's largest and most leftwing campus.

He was also known to have been a close friend of the then Minister of Justice, Jimmy Kruger, who became notorious for his statement in public that Steve Biko's death in detention 'leaves me cold'. Some of his colleagues at the Bar, in fact, attributed Mostert's elevation to the Bench at such an extremely young age to his friendship with the Minister. They also pointed to his friendship with Kruger as the reason why he was able to move from the Transvaal to the Natal bench after a clash with a fellow judge. It was most unusual, they said, that a junior judge could move like that at his own request. It was soon after this move that Judge Mostert was given a one-man commission of inquiry into exchange control contraventions. It was an obscure commission which was publicly mentioned for the first time when it became known that

the key Muldergate figure, Retief van Rooyen, had given evidence before Judge Mostert. Until that time Judge Mostert had been quietly going about his work—commuting between the Palace of Justice in the Victorian setting of Pietermaritzburg, where he lived with his wife and young son, and a set of offices which had been given to him in Abbatoir House in Pretoria. His commission was responsible to the Minister of Finance, Senator Owen Horwood, the leader of the National Party in Natal. Horwood was a controversial figure, the only English member of the Afrikaner Cabinet, and former Rhodesian premier Ian Smith's brother-in-law.

Judge Mostert was an acknowledged expert in the field of currency movements and an examination of his commission's terms of reference showed them to be very wide indeed, certainly wide enough to take in the movement of any money in and out of South Africa (including Department of Information secret funds as it later turned out).

Rees's sources had told him that Judge Mostert had interviewed, or taken statements from, several people involved in the Department of Information. He had heard, too, from van Rooyen that he had given a sworn statement to Judge Mostert shortly before the election of Prime Minister Botha. Day told Sparks and Rees: 'I feel instinctively that we should go and see Judge Mostert. Perhaps if the worst comes to the worst and we cannot publish, then we could simply give evidence ourselves to his commission.'

And so, in October 1978 Rees phoned Judge Mostert in his chambers in Pietermaritzburg. 'I must make my position very clear to you, Mr Rees. I am interested in gathering material relevant to my commission, but I am not going to give you information. If you accept that, then I will gladly see you if you think you can help my commission', Judge Mostert said.

It was decided that Day would go with Rees to the meeting and that a tactical course would be taken along play-it-by-ear lines.

The two journalists travelled to Pietermaritzburg by car, and they used the eight-hour journey from Johannesburg to discuss their options. Both had reached the nadir of their feelings towards the investigation. The hopelessness was overwhelming; it seemed an impossible task to break down all the barriers which stood between publication of the truth that Rees had uncovered. After all the months of hard work, he was no closer to getting his story into print.

Rees was in a bad way. The adrenalin which keeps journalists going—seeing their copy in print—had gone. He was sitting on the biggest story of his life, the biggest story South Africa had ever had, and he couldn't do a thing about it.

The Supreme Court building in Pietermaritzburg was a far cry from Rhoddie's plush Thor lounge, and the towering skyscrapers of civil service Pretoria. It was a gentler world that the journalists entered as they went in search of Judge Mostert's chambers.

It took some time to find him. 'He doesn't have chambers as such', said a clerk. 'We try and fit him in where we can.'

Judge Mostert greeted the journalists with a smile: 'I'm very flattered that you chaps came all the way down here to see a lowly commissioner like myself.'

And then, as the tea arrived on his cluttered desk, he said: 'I must warn you, gentlemen, that I'm not an admirer of your newspaper.'

Rees and Day glanced apprehensively at each other.

'But that's because I was in opposition to you for so long when I was legal advisor to Perskor'—again the smile.

The stocky figure got up from behind his desk and began to pace up and down in front of the journalists.

'I told Mr Rees on the phone, and I want to reiterate that, here and now: I am not going to impart information to you. I'm seeing you because you have told me that you could be of possible assistance to my commission. Is that clearly understood?'

Day and Rees nodded.

The judge stopped pacing, took off his tweed jacket, rolled up his sleeves, sat down again, put his hands behind his head, leant back and said: 'Now tell me how you can be of assistance to my commission.'

Day said: 'Judge, we wanted to have an informal talk to you first before we get down to brass tacks, if that's going to be possible. In the first place, we understand your position as you have outlined it to us. But we, too, have our problems.'

'Rees has been our main investigator on an assignment which has been to look at the irregularities within the Department of Information and its use of secret funds. His research has been going on for months, and during that time he has received information from informants on a strictly confidential basis. In fact, the basis on which he received most of his information—we regard it as key information—was that he would never reveal the identity of the informants.'

'We know, sir, that you have spoken to some of the people that Rees has seen. Therefore you must realise that many of the people concerned in this situation are very scared.'

'What we wanted to know, Judge, is whether we could be of assistance to your commission. If so, would you demand to know the identity of these informants? If you did, it would mean that Rees would have to refuse in terms of his journalistic ethics and the consequences for him would be serious.'

'And, sir, the next point that is of concern to us is to ask whether we could at this stage speak to you on an informal basis? If we do have information that might help you, could it not be off the formal record?'

Judge Mostert thought about Day's request for only a few seconds.

'Let me explain my position. My concern, as I have stated, is to gather information which involves, or could lead to information which involves, currency contraventions', he repeated.

'The nature of these offences makes it necessary, in certain circumstances, to get information "off the record" initially, and then to place it on the record

at a later stage if necessary. I'm quite prepared to continue that approach in your case. If you have anything that will help me, we can do it informally at this stage.'

On the question of the identity of informants, he said: 'I understand and believe in the right of journalists to gather information on that basis. I would like to tell you, gentlemen, that I am not interested in squeezing the names of your sources out of you, or in throwing you into jail if you don't comply.'

He stood up again, pointing his finger for emphasis: 'But I am not going to barter.'

Day said: 'We understand the position, sir. On this basis then I would like to show a report—or part of a report—which Rees compiled on 25 August for our Editor. I would like to say, sir, that outside the two of us and our Editor, nobody has seen this report.'

Rees opened his black briefcase—which had never left his side since he began the investigations 14 months earlier with the meeting with Daan—took out the report, and handed it to the judge.

When he had finished reading it, Mostert turned to Rees: 'That's a remarkable piece of work. What do you intend doing with it?'

'That's up to my editor. He decides, Judge!'

'You're not the first newspaper to speak to me on this, you know', he said quietly.

Rees jumped in with: 'Are we ahead, sir?'

Judge Mostert's smile came back again. 'I'm not sure if that question falls under the section of bartering information, Mr Rees. But yes, I would say you are well ahead!'

Day: 'Can we ask a few questions, please. How did you and your commission get involved with the Department of Information investigations and what are you planning to do with formal information you have obtained?'

The judge said he was not prepared to comment on the first question, only to say that his commission had a very wide brief, that it covered the movement of any money in and out of South Africa. On the second question, he said he reported to the Minister of Finance, Senator Horwood, in terms of his commission's terms of reference.

Putting his jacket on, he said: 'I must leave now, but if you get any new information please contact me.'

As they left Day asked the final question: 'Are you going on with your inquiries, judge?'

'Oh yes', he said as he climbed into his car, 'I certainly haven't finished yet.'

During the journey back to Johannesburg from Pietermaritzburg, Rees and Day analysed the situation as it stood after the meeting with the judge. There was no question about it, they were impressed with him. They realised, through his reaction to the report—and to his questions about some points in it—that although he was impressed with the extent of the *Mail's* knowledge, there was not much there that had surprised him.

'Is this the way out for us?' Rees asked.

'If we published, and were challenged in court, couldn't we simply subpoena Mostert?' Day asked.

Rees: 'But can we subpoena a judge?'

Back in Johannesburg legal advice was taken, and it turned out that a judge could be subpoenaed under certain circumstances. These circumstances included getting the permission of the judge's provincial court. Rees and Day told Sparks they both firmly believed that neither Judge Mostert nor the Natal Bench would contest such a subpoena.

They were elated. 'This is it', they told Sparks, 'we can now consider publishing a lot of the material.'

Rees had made more inquiries through Myrtle and other contacts and was convinced that Judge Mostert had a sworn statement from van Rooyen and that he had also seen Louis Luyt, although he was not sure whether Luyt had given evidence under oath.

Sparks raised a valid question mark: 'If we publish the *Citizen* project, there could be action taken against the *Mail*. Perhaps we should collect more information on the *Washington Star* project in the United States, as well as get more detail on the Hortors project, of which we have only a bare outline at this stage. Don't you think that we should try and get it together and publish all at once? I believe we might have to do this as a once-off exposé. We might not get a chance to keep on publishing.'

It was decided, after Sparks had called a meeting with other editors in the Morning Newspaper Group, that Rees should fly to Britain and the United States immediately. His brief was to try and discover what had happened to the vast amounts of money that the *Mail* knew had been sent overseas by the Department of Information for its secret projects. 'That is a very likely area for corruption', Sparks said.

The *Mail* men knew they did not have much time. Rees's informants in the National Party had told him that there were a number of prominent members of the party—many of them part of the Club of 22 (so named after those who had voted for Pik Botha in the first ballot of the premier stakes)—who were pressing for some action to be taken by the Government to investigate the allegations against the Department.

Nationalists had begun a series of secret meetings aimed at formulating a campaign after it became public knowledge that van Rooyen had made a sworn statement to Judge Mostert. Many Nats also knew the extent of his knowledge—it had been aired at his special meeting with Pik Botha, Alwyn Schlebusch, Schalk van der Merwe and Chris Heunis—as well as at the Cabinet meeting a few days before the election of P.W. Botha as Prime Minister. They knew that van Rooyen's information could damage Connie Mulder—fighting for his political survival although still Transvaal leader of the party.

One of Rees's sources inside the National Party said: 'We're planning to press P.W. Botha on the basis that we do not think that the best way of handling

this is to give it to people in BOSS to investigate. The crime of Watergate was not the break-in, but the cover-ups.'

They felt it would be better for the party to take action rather than have it come out as an exposé in the English Press.

Rees made his bookings—United States via London—and was due to leave on Sunday 29 October 1978 when he got a tip on the Saturday morning that the *Sunday Express* was going to blow the *Citizen* story—on the day he was due to leave South Africa.

He went in search of Day. 'We're going to get beaten, Chris; the *Express* are going to run a story saying the *Citizen* is funded with government money.'

'There's nothing we can do until we see what they are going to say, Mervyn. Cancel your flight and I'll set up a meeting with Allister for tomorrow.'

On Sunday 29 October 1978 the *Sunday Express* published an article by Kitt Katzin under the banner headline: THE CITIZEN SECRET REVEALED.

The newspaper disclosed that the Nationalist English daily newspaper, the *Citizen*, had been heavily financed by public money channelled through massive and secret State funds.

The *Express* disclosure was impressive, but Rees and Day knew they had so much more—and they had the rest of the week to catch up with (and overtake) the *Express*. Day set up a meeting with Sparks, Rees, Tony Stirling (a reporter who had joined the investigation team from the *Sunday Times* shortly before) and the newspaper's legal advisor, Kelsey Stuart, for Sunday afternoon. In the morning Day went to Stuart's house to give him a preliminary briefing on the *Mail's* entire investigations. Stuart, South Africa's leading expert on newspaper law and author of *The Newspaperman's Guide to the Law*, sucked quietly at his pipe, asking questions from time to time as he listened to Day's tale. At the end of it, he said: 'I see no legal reason why you should not start publishing much of your material'. Day resisted the temptation to jump up and embrace him (he's not the kind of man you'd hug), but it was at this stage that the lawyer 'joined' the *Mail's* investigation team. It was a relationship which came to mean a great deal to Rees and Day in the months ahead, and when it comes to totting up the heroes of Muldergate, the journalists would vote Kelsey Stuart up there at the top.

After the afternoon session, again at Stuart's home, Sparks decided to begin publishing the Rees material. If there was a court challenge the *Mail* would subpoena Mr Justice Mostert.

Sparks and Day later discussed the possible repercussions and agreed that it was going to be essential to double up on secrecy. The publication of the article was going to leave no doubt in the minds of the authorities that the *Mail* had detailed information—far more than the *Sunday Express*—and efforts might be made either to stop further disclosures or to get at the *Mail's* information by using any number of laws, including the Official Secrets Act.

They decided Rees should move out of his home immediately, spend Sunday night in a hotel, meet Day at dawn and they would both head for Durban. Further disclosures would be written from that city—800 km from Johannesburg—and at the same time the journalists would see Mr Justice Mostert and

follow up a lead which Sparrow had given them on a Mr 'X', who at one time had worked for BOSS and had been associated with Lampas Nichas of the Club of Ten. Mr X was now reported to be living in Durban. Sparks and Day would communicate by telephone through a prescribed code (Sparks moving to a hotel to take the fixed-time calls) and copy would be filed from the offices of the *Natal Mercury*, a member of the Morning Newspaper Group. Stirling would continue the fieldwork in Johannesburg.

While the articles were being prepared for publication, Rees called his wife Bernice at home. 'Put a few things together for me, I'll see you in a few minutes.'

Bernice knew that she could expect no more information than that over the phone—something she had learnt during their 13 years of marriage. It was midnight when Rees got home. He said: 'We're starting to publish, and it's best that I move out for a while. I'm not sure yet when I'll be back or where I'll be staying. I'll phone you from time to time.' For Bernice it was something of a relief. At least they're publishing she thought, he's been like a bear with a sore head.

The Rees boys, Owen and Gareth, tousled and sleepy, waved goodbye and Rees was gone. It was a pattern that was to be repeated many, many times during the next year.

On Monday 30 October 1978, 14 months after Rees had begun the investigation with that interview with Daan, the *Mail* published this article by Mervyn Rees under the massive headline: MISSING MILLIONS.

The *Rand Daily Mail* can today reveal that not only were millions of rands in the State funds secretly allocated by the Government to finance the Nationalist English daily newspaper, the *Citizen*, but that an amount of R13-million 'disappeared' en route to the *Citizen*.

Attempts by the Government to recover the R13-million over a period of more than a year failed—as the money had been put into private enterprise in a bid to help an ailing company, despite the fact that the *Citizen* was desperately short of funds.

The *Mail* can also disclose that the Department of Information was forced, because of the misappropriation, to raise a loan believed to consist of millions of rands in Switzerland to continue to finance the *Citizen* operation.

This means that not only have the taxpayers financed without their knowledge the losses incurred by the *Citizen*—estimated by the Nationalist Sunday newspaper, *Rapport*, to be R4-million a year—but they have financed the secret amount of R13-million that disappeared into the private sector.

The *Mail* has been told that the loan raised in Switzerland was repaid earlier this year—with funds that had been allocated for another, equally vast and controversial secret project overseas in 1975.

The money from that project too consisted of millions of rands and was also misappropriated and tied up in private enterprise for more than two

years before it was finally returned to the Department of Information earlier this year.

Information supplied to the *Mail* also indicates that because of the crisis brought about by the disappearance of the R13-million, desperate attempts were made to obtain immediate funds from other sources to keep the *Citizen* going.

This included using R1.5-million from the 'G-fund' (the Department of Information's secret fund) to give to a front man for the project in return for which the front man bought a half share in a business enterprise.

The front man according to the *Mail*'s informants was Oscar Hurwitz, the prominent Pretoria architect and director of the controversial Department of Information front company, Thor Communicators. Mr Hurwitz has since died.

This money too, was finally returned to the Department through Thor Communicators after the disposal of the business enterprise. But the amount that was returned to the Department via Thor was in fact only slightly more than R1.2-million.

According to the *Mail*'s informants, the funding of the *Citizen* was so secretive that not even prominent people associated with the newspaper were aware of the true source of the funds.

At least one of the Department of Information's front men is, however, known to have been paid an amount of R20 000 annually and tax-free for his covert services.

The *Mail*, however, has information about the launching of the secret *Citizen* project and knows the identities of the central characters involved, as well as the code names that were used. It also has details of how the project was first conceived and by whom.

The *Mail* has been told that even senior Cabinet Ministers were not entrusted with the knowledge of the secret project involving the *Citizen* and that when one of these Cabinet Ministers made the discovery he was horrified that funds from his department were being used by the Department of Information for this purpose.

The flow of cash was immediately stopped. This led to further problems for the newspaper and alternative methods of channelling funds to it were put into operation.

The *Mail* can also disclose that in one year alone the budget of the 'G-fund' was R19-million. This was in 1976—the year in which the *Citizen* was launched by Louis Luyt, and the year in which R3-million was transferred from Switzerland to the Thor Communicators' bank account in Pretoria. It was later transferred to Volkskas.

Attempts to contact Dr Eschel Rhoodie last night were unsuccessful. It is believed that he and his wife flew overseas yesterday, on a visit to various countries.

The *Mail* and *Express* disclosures hit South Africa like a bombshell. Harry Schwarz, top Opposition spokesman on the Department of Information controversy, said: 'This matter is so serious that it requires an immediate answer from the Prime Minister. I call on him to appoint an all-party commission of inquiry because these allegations involve the use of public funds.' Schwarz said the Prime Minister was entitled to appoint a parliamentary commission immediately, even though Parliament was not sitting. But Prime Minister Botha declined to comment, saying: 'I cannot comment on this affair until the Kemp Committee has reported to me'.

The *Citizen* chairman, Hubert Jussen, its publishers, and the managing director, Jan van Zyl Alberts, issued a joint statement: 'The *Citizen* was bought and is conducted as an independent business venture, operated on our capital funds. We must stress that we operate on our own capital and can make no statement or comment on what took place before our purchase. But what we can say is that these unfounded rumours are very detrimental both to our own interests and those of the *Citizen*. Legal advice has been taken.'

For Rees and Day, the journey to Natal on Monday 30 October 1978 provided another opportunity to take stock, to see what they could do, to discuss how they should approach Mr Justice Mostert. Rees's sources inside the National Party had told him that the judge had been trying to see the Prime Minister, ostensibly to discuss evidence he had gathered on the Department of Information. Rees had been told that Botha had been preoccupied with the pressing issues in South West Africa/Namibia, including the visits by the Big Five foreign ministers. The previous week, Judge Mostert had stated in a newspaper interview that the evidence he had obtained would not be made public 'at this stage'.

Rees and Day thought the 'at this stage' was significant, because it was an indirect advance on what he had told them at their first meeting—that he would be reporting in the usual way from time to time to Horwood. It looked as though the judge might be reconsidering his position.

Day phoned the judge from his hotel room: 'I wondered, sir, whether it would be possible for Rees and me to come and see you today in connection with the articles in the *Sunday Express* and the *Rand Daily Mail*?'.

Judge Mostert: 'Ah, I wondered when the *Mail* was going to call. You must be the only newspaper who hasn't today. I can see you briefly, but I must state again that I am not prepared to barter information.'

When Rees and Day walked into the judge's chambers (this time he was sitting in Durban, but again he had been placed in borrowed chambers), they saw newspapers scattered on the desk.

On a corner of the desk were several files. The journalists looked quickly at each other: the Mostert papers?

The judge watched them with an amused expression, his hand going deliberately to the bundle of files, finally resting gently there.

But then the smile was gone, the hand pressed more firmly on the files. 'My only comment for publication at this stage is that evidence given before my commission, or reports by it, are not available for publication. This is still the position, but I am, however, considering this in the light of the law and the national interest.'

'Judge, are you prepared to say for publication who gave evidence before you?'

'That's all I'm going to say at this stage.'

That was enough. That was front page lead material. Day called Sparks who said: 'Luyt has denied our story in an interview with the *Star*. He says he never received government finance for the *Citizen*, and he's threatening legal action.'

'That's bullshit!' Day exclaimed.

'Yes, quite', said Sparks, 'I'm thinking of doing a front page leader along those lines.'

It was agreed that the main angle for the next day's story would be Judge Mostert's statements, and that some of the Pieterse film money aspect would be included, without naming Pieterse at this stage because the *Mail* was having trouble contacting him for comment. He had moved to the Cape.

'That film story makes my blood boil', said Sparks. 'Here these people blithely hand out my money, and yours, and everybody else's to make a trashy film for a private company!'

Rees had been calling his sources in the Transvaal to discuss developments before he and Day compiled the next day's copy under the legal guidance of Stuart. At 2 a.m. on Tuesday they finally made it to bed.

The next day the *Mail* carried the banner headline: JUDGE MAY ACT.

The report stated that Mr Justice Mostert had said that he was now considering making public the evidence given to him 'in the light of the law and the national interest'.

On the same page Sparks wrote an editorial calling on the Prime Minister to act swiftly to clean up the mess, and challenging Louis Luyt with these words: 'Mr Louis Luyt is reported to have told the *Star* that he never received a cent of government money for the *Citizen*. This is simply not true.'

Sparks had certainly thrown down the gauntlet for Luyt, the kind of man who reacts aggressively to challenge. Big, hearty, fresh-faced, down-to-earth, he'd stormed through the South African scene making news wherever he'd gone. His was the all-South-African success story. He had risen from a 50c-a-day platteland railways clerk to become a millionaire business tycoon in seven years—taking on (and beating) the giants in the fertiliser industry.

Some years before he had told Day in an interview: 'I came from a family made poor by the depression. My father was a labourer on the railways. We really suffered. Some of the rich people looked down on us. They considered us outcasts.' He recalled that as a barefoot schoolboy he was told to sit in the church gallery—not in the normal pews downstairs.

'This kind of thing had a great effect on me. I don't think I'd call it hate. It was more a question of showing those bastards that I could do it.'

'That's why today my best friends are people who come from my background. I love going into a railway pub and sitting there drinking beer with the boys.'

As a businessman, Luyt was very much of the personality-cult school. 'My philosophy', he told Day at the time, 'is that a company without a man, without a personality, is lost.'

His powerful personality had caused several clashes with other industrialists, the most noteworthy being with South Africa's top Afrikaans businessman, Anton Rupert, who heads the giant multinational Rembrandt tobacco company. When they were business partners, it was no secret that Luyt was told by Rupert to keep a low profile—to be less publicly flamboyant. Day travelled with Luyt in his private jet from Johannesburg to Cape Town to a meeting with Rupert. In the plane on the way back was a Rupert lawyer, working on a contract with which Luyt was not satisfied. The lawyer tried to go to the lavatory several times, but Luyt said the plane needed to reach a certain height before the lavatory could be used. After some while, the lawyer—his face etched with white lines—was allowed to make his call of nature.

Luyt turned to Day and said: 'You've got to show these Cape hot-shots that the action really is in Johannesburg'.

Would Luyt react to the *Mail* expose, to the Sparks leader? Would the former provincial rugby player come rushing out of the scrum to tackle the *Mail*? His reaction was simple, and not entirely unexpected. He said the *Mail* could publish whatever it wished about his involvement with the Department of Information 'and accept the consequences'. He was not, after all, going to challenge the *Mail* in court.

Mulder, in an atmosphere in which people were displaying bumper stickers such as 'Pay your taxes, buy the *Citizen*', was refusing to comment, other than to state emphatically that he would not heed the growing calls for his resignation. Some Afrikaans newspapers, particularly *Beeld* (which took many courageous editorial comment stands on Muldergate), had also begun to express strong disapproval of Mulder's actions.

That night, Prime Minister Botha went on television to address the nation. He repeated his appeal to the media and all institutions to give the Government an opportunity to get all the facts through the Kemp Committee.

In Durban, Rees and Day were up early after only a few hours' sleep to hunt down Mr X. After they found him, it was decided that Rees should see him alone on the basis that he might talk more freely to one person, since there would be no witness to his words. Mr X was a complete surprise, illustrating once again the wide and bizarre range of characters who formed the Muldergate patchwork.

He was a little, dainty man in his early 50s, balding with wisps of neatly combed grey hair just reaching the top of his ears and the collar at the nape of

his neck. He had slightly buck teeth, through which he lisped impeccable English in an impeccable accent. His handshake was immediate and firm, as was the instinctive gesture of the non-shaking hand grasping Rees's forearm. Here, thought Rees, is a real meeter and greeter, as he took in the navy slacks, cream shoes and Hermes silk cravat.

'My name is Mervyn Rees and I'm from the *Rand Daily Mail* in Johannesburg. I wondered if I might have a word with you where it's private?'

Rees felt the hand doing the shaking tremble and go limp, the soft blue eyes watered and the curling eyelashes blinked.

'*Daily Mail*? A word with me? Privately?'

'Yes, it's about the Club of Ten. I have information about your role in that venture, and there are some matters I want to verify with you.'

'My dear chap', a hand moving into the natty trouser pocket brought out a crisp linen handkerchief which wiped at softly pursed, pink lips, 'how dreadful for you to have to come all this way to see me.'

Nothing much surprises Rees, but he began to wonder whether this was the man who had been described to him as having been a member of Republic Intelligence (RI), a small, elite band of handpicked agents and policemen who formed the pioneer platform that launched BOSS for General van den Bergh. Was this the man who had worked with some of the toughest, roughest agents you would be likely to find anywhere in the world, the man who was supposed to have allocated selected people to selected hotel rooms at Jan Smuts Airport Holiday Inn hotel so that RI could monitor their movements, discussions and belongings? Who had nursed the rough potato-farmer Lampas Nichas through Sparrow's sophisticated world in England on behalf of Rhodie?

Once they were seated in Mr X's home, Rees decided to put all this to his host.

'My dear Mr Rees', he said, 'where did you get all that astounding information?'

'Do you deny it?'

'Deny it? I'm in no position to deny or confirm anything, Mr Rees. You know the laws of your, and my adopted, country. I simply cannot go blurting about the place, talking to the odd journalist.'

'But we've spoken to Sparrow about you and the Club of Ten ...'

'Sparrow, dear old Sparrow. Do you know Sparrow? I mean so you really know Sparrow? I suppose not, who can really know old Sparrow.'

'And Nichas?'

'Nichas? Oh, it's easy to know Nichas. How deep do you have to scratch to get beneath the surface of a Kinross potato farmer? Do you realise how I had to nurse that man? But here I am blurting away like this. You are rather clever at your work, Mr Rees.'

'I believe you also nursed some of the RI people in the old days?'

The handkerchief came out, dabbing the lips. 'Yes, you can say that I taught some of them—some of them now in rather high places—how to hold a knife and fork, which glass to drink out of, that sort of thing.'

'I believe that you left the service some time ago, that there was a row ...'

The soft lips curled, hardened. 'I was good, Mr Rees, really good. I could even do this sort of thing.' He jumped up and went into a karate pose, one step up (but only slightly so) from languid. 'But they let me go, I was one of their best, but they let me go. I cannot deny I'm bitter.'

'What happened?'

'Mr Rees, I cannot talk to you. I refuse to talk to you.'

'Do you know that there is a judge who is taking evidence from people concerning the movement of Department of Information money out of South Africa, such as the money that went into the Club of Ten?'

'I know about Mr Justice Anton Mostert, Mr Rees. I might be out of the service, but I'm still able to gather intelligence.'

'Would you give evidence before him? Can I give him your name?'

'I cannot stop you from doing anything, Mr Rees. And I saw from this week's *Rand Daily Mail* that there are very few people who can.'

As he gently ushered the journalist through the front door, he said: 'Oh, Mr Rees. One last thing. Has it ever occurred to you that you might be travelling along a motorway one fine day and suddenly the wheels of your vehicle come off. You should think about that, Mr Rees. I do, because I taught some of them to hold knives and forks.'

Rees whirled round, going into his version of a karate stance: 'Are you threatening me?'

The hand shot out, holding Rees's forearm, the other shaking hands again. 'You don't understand, Mr Rees. I like you, that's why I'm asking you to consider these sorts of things.'

When Rees saw Day later that Tuesday, he was clearly upset by the implications of the Mr X interview. 'Merv', Day said, 'they wouldn't dare.'

'That's all right for you to say, but like that guy I also know some of those people.'

While Rees had been away, Day had established that Mr Justice Mostert had scheduled a Press conference for the next day at Jan Smuts Airport, but had embargoed any announcement of this. Rees made several phone calls, checked various sources and discovered that Prime Minister Botha had asked the judge to see him in Pretoria. Rees also established that their presence at the *Natal Mercury* had been reported to the authorities in Pretoria and their movements were being monitored from within the newspaper building.

Day found a phone next to the aquarium and called Sparks for an hour-long briefing. It was obvious, he told his editor, that matters were reaching a crisis. The possibility of Mr Justice Mostert's releasing his evidence at the Press conference was strong, but again there was a possibility that this might not happen because the judge was probably going to see the Prime Minister. It was decided that Rees should file the *Washington Star* story for the next day, showing that a further R10-million had gone AWOL on that project. It was decided that nothing could be done about Mr X at that stage, and that as

more research was being done on the Pieterse film story, it could be published the day after the *Washington Star* article. In the meanwhile, the political bureau would keep in close contact with the Prime Minister's office over the Mostert visit. Rees and Day would watch Mr Justice Mostert.

They wrote, checked the copy with Stuart, filed the story and fell into bed at their hotel at 2.30 a.m. Just before dozing off to dream about motorways, Rees remembered that he had still not phoned Bernice.

On Wednesday 1 November 1978 this article appeared under Rees's byline. Again a banner headline, this time it was INFO'S US PAPER BID.

Dr Eschel Rhoodie sent R10-million of the Department of Information's secret fund to the United States to buy the influential *Washington Star* newspaper.

The money was sent by Dr Rhoodie, then Secretary for Information, to John McGoff, the rightwing American publisher who is a close friend of both Dr Rhoodie and Dr Connie Mulder, former Minister of information.

The *Mail's* information is that the R10-million was part of the R23-million bid for the newspaper by McGoff.

The bid failed—and McGoff kept the R10-million in his companies. He repaid the money only in January this year—two years after the attempted takeover. McGoff, it is learned, also paid back the interest on the R10-million, but a key question in this transaction is the final destination of the interest and the rate at which the money was loaned to McGoff. At 8 per cent this would have been R1.7-million.

According to the *Mail's* information, the repayment was moved back to South Africa via Switzerland where part of it was used to repay a loan raised there to help the *Citizen* newspaper, which was short of funds.

The *Mail's* information is that McGoff was unable to release the R10-million of South African taxpayers' money until he pulled off a major business deal in Europe last year.

McGoff was involved in the attempted takeover of South African Associated Newspapers with Louis Luyt who subsequently launched the *Citizen* which was funded with Department of Information money.

It is understood that McGoff was offered the ownership of the *Citizen* earlier this year before it was taken over from Louis Luyt by J. van Zyl Alberts. McGoff turned down the offer.

McGoff and van Zyl Alberts are business associates in various companies including Panax and Craft Press, as well as being joint owners with Dr Rhoodie and Dr Mulder of a farm in the Eastern Transvaal.

McGoff was also named as a director of the company called Lotandanya which owns a number of flats in the controversial Cape Town building, Valhalla. The Department of Information front company, Thor Communicators, also owns flats in the building.

McGoff denied the *Mail's* report through a spokesman, who described the allegations as 'utter nonsense'.

But as with Luyt, McGoff was not rushing to court or issuing summons—in fact the American publisher had not even threatened a legal action.

Speaking from Melbourne, the chairman of the International Press Institute, Randal McDonald, reacted to the *Mail's* disclosure on the *Washington Star* bid by saying: 'Any attempt by a country to purchase a foreign publication to manipulate public opinion is totally inconsistent with honestly representing that country's opinion. The South African move was incredible.'

Day and Rees caught an early plane back to Johannesburg where Sparks was waiting for them at Jan Smuts Airport. When he saw them, he came forward and put his arm over Rees's shoulder in a spontaneous gesture which was witnessed by a *Citizen* reporter who had come to the airport for the Mostert Press conference and who interpreted this in print a week later as Sparks' way of congratulating his staffers for getting their published information from Mr Justice Mostert.

Sparks had, in fact, come to the airport to take Rees and Day to an urgent briefing with lawyer Kelsey Stuart. 'Kelsey is involved in a golf tournament and we have to catch him before he tees off.' That briefing must have been one of the strangest in South African newspaper history—Sparks, Stuart, Day and Rees huddled under the trees at the 10th tee at the Wanderers Golf Club with the rest of Stuart's four-ball waiting patiently on the tee. In the end they had to move to the back of the field as the conference went on and on . . .

Just after it ended and as Stuart went to join his partners, Day called out: 'Do you breathe in or out on your down swing, Kelsey?' Day got an angry call from the lawyer the next day, 'I thought about that bloody remark throughout the round and I played like a rabbit'.

Later in the day at Jan Smuts Airport, Judge Mostert told newsmen that he was postponing his Press conference at the request of the Prime Minister. 'I have sad news for you gentlemen. At the request of the Prime Minister the statement I was to have made will be postponed until after I see the Prime Minister tomorrow.' He refused to answer questions or elaborate.

The main news event of the day had fallen down, so Rees and Day wrote the Pieterse film money article, which appeared on Thursday 2 November 1978 under the headline: FLOP YOU PAID FOR. The article disclosed that South African film magnate Andre Pieterse had used more than R800 000 of Department of Information money to help finance *Golden Rendezvous*, an Alistair Maclean adventure film starring Richard Harris, which was an international flop. The money, it was stated, was part of secret funding from Rhoodie to finance a scheme to establish cinemas for blacks in South Africa. It turned out to be the costliest movie flop in South Africa's history, and has been panned throughout the world.

This article caused a furore among the public. Many readers phoned the

Mail asking how the financing of this film had anything to do with the dangers facing South Africa, or how it could be part of any propaganda war. Pieterse refused to be interviewed.

After writing the report, Rees finally phoned Bernice. 'I'm on my way home', he said. It was 1 a.m., and as he left he picked up a sheaf of messages on his desk. Most of them were abusive, left by anonymous callers.



SAAN



SAAN

The men who exposed the secrets of Muldergate . . . Gerald Barrie, above left, South Africa's former Auditor-General, and Mr Justice Anton Mostert, above right, whose commission confirmed the Citizen links with Information . . . and below, the men who toppled from power – Eschel Rhoodie, Connie Mulder, Hendrik van den Bergh, B. J. Vorster and Johannes van Zyl Alberts.

Rhoodie album





Rand Daily Mail



SAAN



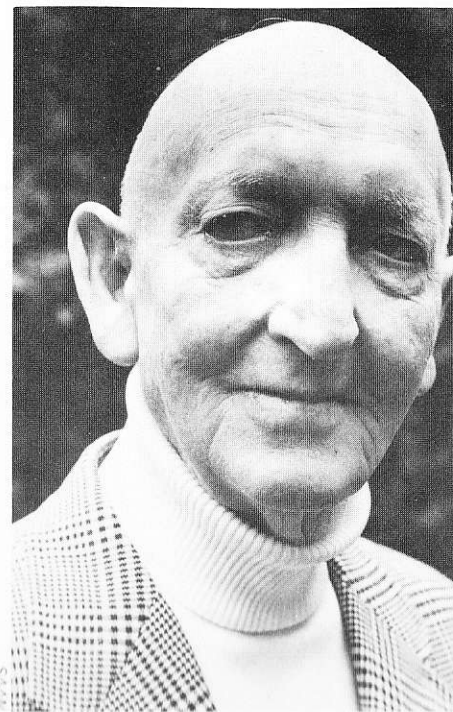
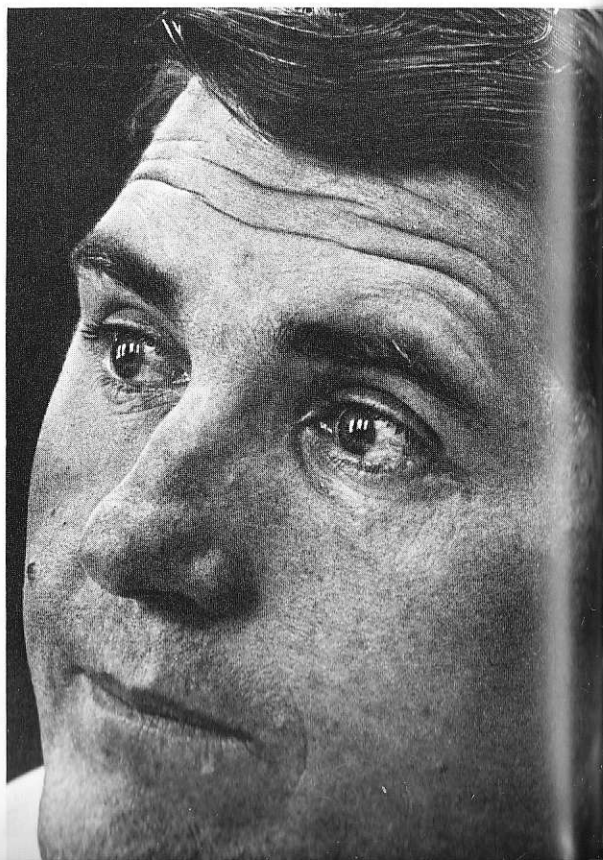
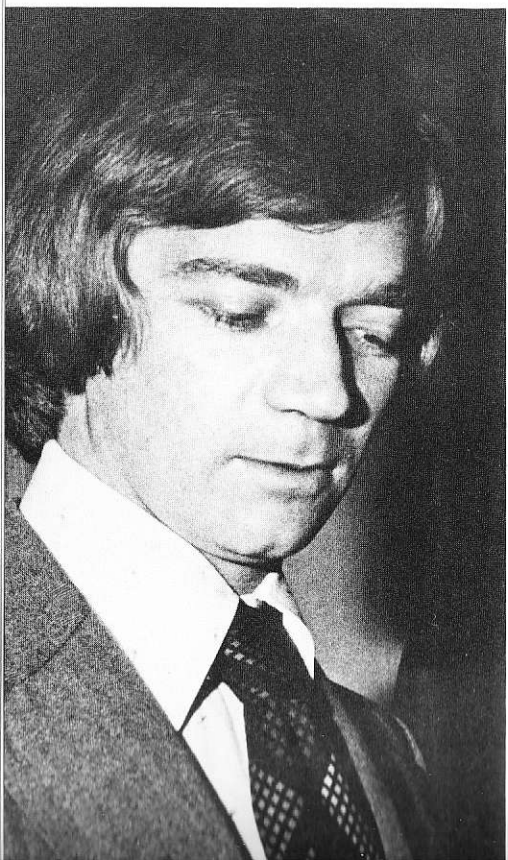
SAAN



Cape Times

Four Info "front" men: John McGoff, above left, the controversial Michigan publisher who made a bid to take over the Washington Star; financial whizz-kid David Abramson, above right; rally driver and Abramson partner, Stuart Pegg, below left; Louis Luyt, below right, the man who claimed to be the owner of the Citizen.

Johannes van Zyl Alberts, above left, involved in the Citizen and To the Point. Les de Villiers, above right, a former deputy secretary for Information. Andre Pieterse, below left, the Golden Rendezvous film-maker. Gerald Sparrow, below right, Club of Ten spokesman.



APRS



Rhodie album

Above: In happier times, Connie Mulder, Eschel Rhodie and John McGoff, and, below, Eschel Rhodie with Dr Robert Smit (nearest camera, front row) and Dr Nico Diederichs at an IMF press conference in Washington.
Opposite: 'Operation Playboy' – Advocate Retief van Rooyen, top, whose actions spiked Mulder's guns in the premiership battle, with his daughter on the controversial Seychelles trip; and, below, James Mancham, deposed president of the Seychelles.

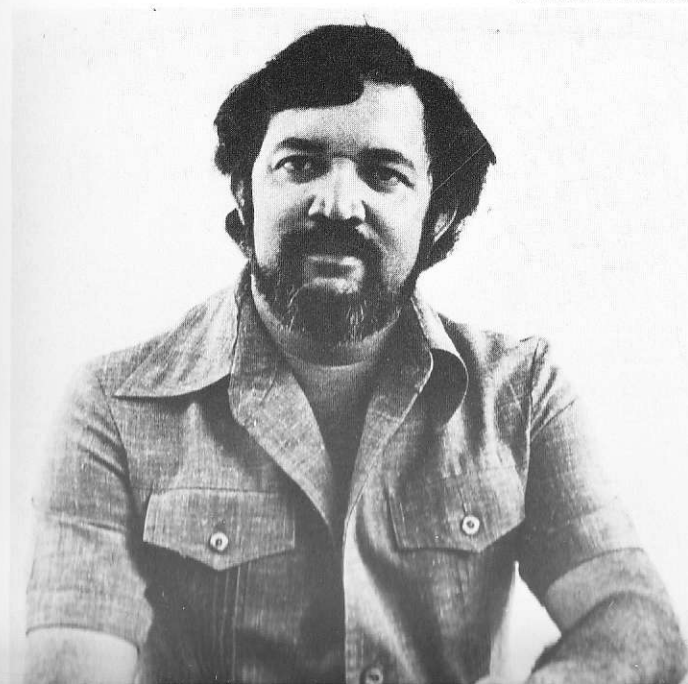


Rhodie album



Rhodie album

Syndication International



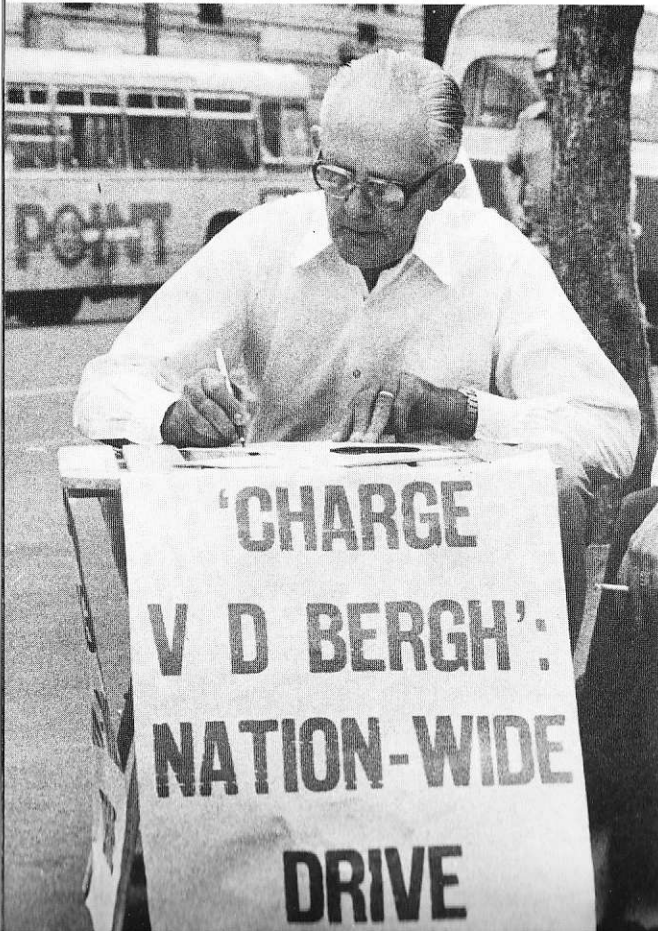


Danie Coetzer, Rand Daily Mail



Cape Times

SAAN

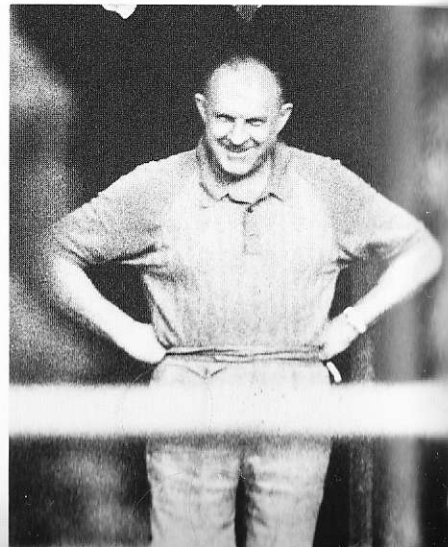


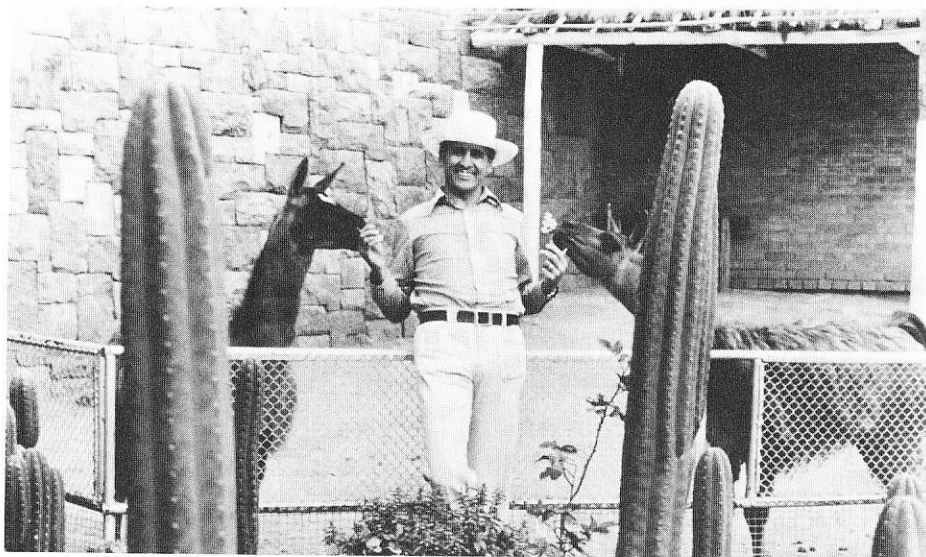
Rand Daily Mail

Above: Judge Mostert's bombshell press conference.

Two men whose roles emerged from the Erasmus reports: General H. J. van den Bergh (left), former head of BOSS, signing a petition calling for his own prosecution; and Lou 'Loot' Reynders (below), retired BOSS auditor.

Opposite: top, State President B. J. Vorster leaves Cape Town's Tuynhuys after announcing his resignation; and below, newly installed Prime Minister P. W. Botha.





Mervyn Rees

The life of a fugitive . . . Eschel Rhoodie feeds llamas while in self-imposed exile in Ecuador. Reunited, Rhoodie and his wife Katie stroll through the streets of Cannes.



12 IT'S ALL TRUE

'South Africa's biggest political scandal . . .'

Thursday 2 November 1978 was a beautiful highveld day. The sky was achingly blue, as blue as the jacarandas that abound in Pretoria. The Union Buildings were scrubbed and shiny, ready for another South African summer as Day and Rees joined a handful of journalists, most of them political correspondents, waiting outside the heavy-grilled steel security door which led to the Prime Minister's office, waiting for Mr Justice Mostert. Suddenly he appeared, striding down the balustraded stairway at the side of Senator Horwood who made the judge look shorter than he really is. They were laughing and joking as photographers snapped away. 'Do you ever get used to this, Senator?' The steel door opened, they moved through, it snapped shut behind them. The journalists put away note books, lit cigarettes, some drifted away to have coffee . . .

And then 45 minutes later, the door opened and out came the judge. His face was ashen, his brows knitted in a huge frown, his step was quick. The journalists bounded after him, clamouring for a statement. 'I will speak to you at my offices at Abattoir House at 2 p.m. today. I will have nothing to say until then.' He cut a lone figure as he walked down the long steps to his car and driver, the Union Buildings a massive backdrop. It was a far cry from the peace and quiet of Pietermaritzburg.

At Abattoir House a Press conference venue had been set up in the judge's office—again he had no name plate, the place had been loaned to him by some government agency. The angry face from the Union Buildings had disappeared, replaced by smiles and jokes as staffers from the South African Broadcasting Corporation (SABC-TV is a government corporation, the only TV network allowed to transmit publicly in South Africa) got ready their equipment. Turning to one of them Judge Mostert said: 'Will I make any kind of replacement for Tony Randall's Judge Franklin?' (The popular Randall series had recently come off the tube in South Africa.)

For Rees and Day the tension was unbearable. What was he going to say? What was he going to reveal?

Judge Mostert settled himself down behind a large desk, faced the cameras and began to read out this statement:

'I have been asked by the Press to make the testimonies deposited to before

my Commission and which have a bearing on the affairs of the erstwhile Department of Information available for publication. This request raises two issues:

Whether in law I have the power to allow the Press access to the testimonies, and whether I should exercise any discretion I may have in favour of such disclosures assuming that I have that power.

'The legal position is governed by Section Four of the Commissions Act, Number Eight of 1947, which reads: "All the evidence and addresses heard by a Commission shall be heard in public; provided that the Chairman of the Commission may, in his discretion, exclude from the place where such evidence is to be given or such address is to be delivered, any class of persons or all persons whose presence at the hearing of such evidence or address is, in his opinion, not necessary or desirable".

'At the time of the depositions I did not exercise the power vested in me by the proviso contained in Section Four. The meetings at which the depositions were taken must therefore be regarded as public meetings for the purposes of Section Four.

'It follows as a necessary consequence that evidence taken at a public meeting is available for public inspection unless I exercise the proviso powers now, assuming that I can do so at this late stage.

'I shall assume for the time being I have a discretion to withhold publication of the evidence. The question is, should I do so?

'I have taken cognisance of the Prime Minister's appeal on television and in the Press this week. Coming as it does from the Prime Minister, the appeal is entitled to serious consideration. But that does not release me from the duty of examining the cogency of the Prime Minister's arguments.

'I have endeavoured to discover what particular interest of the State is furthered by suppression, albeit temporary, rather than disclosure of the evidence. I have been able to find none.

'The evidence given before me and other information at my disposal shows the improper application of taxpayers' money running into millions of rands; moreover, there are indications from the same sources of corruption (in the widest sense of that word) relating to public funds.

'In such matters public interest is paramount and is usually best served by frank disclosure. Only reasons of great cogency will cause suppression or secrecy to be preferred to disclosure. I do not find such cogency in emotional appeals unsupported by valid considerations.

'I have therefore decided to make the evidence available to the Press. In doing so I believe I have made a contribution to a "clean administration".

And with that, Mr Justice Mostert handed over the evidence. Chris Day broke for the door to phone Sparks.

The next several hours constituted probably the most dramatic period in

South African newspaper history. The evidence released by Mr Justice Mostert certainly was the biggest bombshell dropped in the country's history. And the sheer mechanics of getting the vast amount of copy into print with the time available was an incredible task. After Day's phone call to Sparks, the editor set in motion a production exercise unequalled in the *Mail's* history. It took more than three hours to photostat all the evidence in Pretoria and rush it by car to Johannesburg 60 km away—Rees arriving with the copy at 6 p.m. The production team, under Chief Assistant Editor David Hazelhurst and Chief Sub-Editor John Leask, cleared almost the entire newspaper and set the material on the *Mail's* recently installed electronic editing system. Teams of translators were used as most of the evidence was in Afrikaans. And when the *Mail* hit the streets—on time—the next morning, there was enough copy to fill a book. And what copy it was.

Under the blown-up banner IT'S ALL TRUE, this front page lead appeared on Friday 3 November 1978:

South Africa's biggest political bombshell burst yesterday when Mr Justice Anton Mostert made public startling evidence which has confirmed reports in the *Rand Daily Mail* and *Sunday Express* of massive misuse of public money through Department of Information secret funds.

Judge Mostert released evidence which shows beyond doubt that the *Citizen* newspaper was financed out of State funds.

And in evidence under oath, Luyt named the former Prime Minister, John Vorster, the Minister of Plural Relations, Connie Mulder, and Hendrik van den Bergh, former head of the Bureau of State Security, as key figures in the secret project to finance the newspaper.

This was in direct conflict with public denials on the issues made by Luyt, Mulder and van den Bergh, who was appointed by Vorster to investigate secret projects of the Department of Information.

Luyt also said that before the *Citizen* project he had agreed to head a bid to take over South African Associated Newspapers with State money.

Included in the evidence was an agreement marked 'Most Secret'—typed on Department of Information notepaper—in which Eschel Rhoodie lent Luyt R12-million to finance the *Citizen*.

The document also contained an editorial charter setting out political policies which could only be changed with Rhoodie's written permission.

This was all revealed at a Press conference in Pretoria shortly after Judge Mostert had been involved in a stormy meeting with the Prime Minister, P.W. Botha, at Union Buildings.

Botha tried to stop the judge from making public the evidence relating to the use of the Department of Information funds given before his one-man commission into exchange control contraventions.

Judge Mostert said in a statement that there were 'indications of corruption (in the widest sense of that word) relating to public funds' and

evidence of 'improper application of taxpayers' money running into millions of rands'. By releasing the evidence he was contributing to a 'clean administration'.

Evidence was that:

A total of R12-million for the founding of the *Citizen* was originally loaned to Luyt in terms of an agreement with Rhoodie. This money reached Luyt after going through a Swiss bank called 'Thesaurus'. The amount later became R13-million.

Luyt put the money into Triomf with the intention of financing the *Citizen* out of the interest. But there was a major difference of agreement over this because Rhoodie later claimed that the money was supposed to have gone into a pool.

Rhoodie, according to Retief van Rooyen's evidence, said there was trouble over the *Citizen* because Luyt had the money tied up in Triomf and he could hardly sue him for it because people would realise that Rhoodie could not possibly have had R12-million to lend.

The *Citizen* proved more costly than estimated and a loan of R2.7-million was raised overseas by Luyt in conjunction with the Department of Information in a bid to meet the demands of the newspaper.

Luyt also sold a half interest in his personal jet to Oscar Hurwitz through Thor Communicators, an Information Department front. Hurwitz bought the half share on behalf of the Department for R1-million, which then went to the *Citizen* via Luyt.

Finally Luyt sold the *Citizen* to van Zyl Alberts. When questioned by Judge Mostert, du Preez said that he believed the *Citizen* shares that had been held by Luyt were still those of the Department of Information. 'Every time I ask van Zyl Alberts about this, it's a long story to get an answer', he said.

In June this year a meeting was held with Mulder to discuss how Luyt would pay back the R13-million and it was agreed that he should pay back R10 118 000 at a low interest rate. This meant that Luyt has to pay back about R13-million, instead of the original R13-million plus interest. According to an agreement drawn up, in what was said in evidence to be Dr Rhoodie's handwriting, Luyt has been let off paying back R2.9-million.

There was no evidence that any of the money has yet been paid back and according to the agreement the first instalment was due on 2 March 1979.

Another startling aspect of the evidence was the refusal of Koos Kemp and Loot Reynders of the Department of National Security to give evidence before Judge Mostert, because, they said, they were bound by the Official Secrets Act.

The editorial charter mentioned in Judge Mostert's statement caused great controversy in the Press. In the agreement between Luyt and Rhoodie, labelled 'Top Secret' and printed on Department of Information notepaper, the

conditions of the R12-million loan to Luyt and the organisation of the *Citizen* were formally laid down and signed in terms of the Official Secrets Act, on 2 April 1976.

Included in this agreement were provisions that Luyt, as sole owner and majority shareholder of SA Today (Johannesburg) and as chairman of the board of the *Citizen*, would give supervision and execution to the editorial and administrative guidelines of the *Citizen*.

The agreement stated that Luyt would make no changes to these guidelines without the written permission of Eschel Rhoodie or, in the event of his death or illness, of Deneys Rhoodie. If neither of the two men were available, guideline changes could be authorised only by Les de Villiers.

The agreement included the following clauses:

- The name of the newspaper may not be changed.
- The paper shall undertake to publish nothing that will endanger the political, social or economic position of the white population of the Republic of South Africa.
- The paper shall not tolerate communism or further its aims.
- The paper shall not undertake or publish anything that will endanger the constitutional chosen Government of the Republic of South Africa.
- Effective control of the paper may not be given to any individual or person or group of persons or directors of the *Citizen* or SA Today.
- The paper supports the broad objectives of the present Government in respect of separate political developments of the black population and the white population of the RSA, as well as anti-communist policy and security laws of the RSA.
- All chief sub-editors, assistant and deputy editors, all editors, political columnists, correspondents and leader writers are a) obliged to keep the editorial charter and to sign and enforce it and b) will be obliged to apply in letter and spirit this charter and any other editorial guidelines in this contract agreement, in the subbing and publication of the *Citizen*.

A further stipulation was that all staff appointments to the newspaper posts detailed above could be made only with the approval of the Rhodies or Les de Villiers.

Within hours of Judge Mostert's Press conference Prime Minister Botha tried to stop newspapers publishing the evidence. He issued a confidential note through the South African Press Association addressed to editors warning that the evidence could not be published because of gazetted regulations forbidding this. Judge Mostert replied that the regulations referred to by P.W. Botha did not preclude making the evidence public because the regulations were designed to prevent publication or dissemination of the evidence or information of the commission by a third person and were not intended to refer to publication by the commission itself.

Every South African newspaper ignored Botha's warning—but the SABC heeded it, and it did not screen or broadcast any of the evidence, or any part of the Mostert Press conference.

By all accounts, the row between Botha and Judge Mostert must have reached boiling point. According to *Mail* informants, matters began calmly enough but then Botha told the judge that he must continue his commission in secret. The judge objected, saying that Botha would be the first Prime Minister to try to tell a South African judge how to do his job. Botha, through Horwood, later claimed that the judge had engineered the row because he was determined to hold the Press conference and release the evidence.

Judge Mostert became a hero overnight, receiving hundreds of calls and telegrams of congratulations. 'Thank you, Judge Mostert' stickers replaced 'Pay your taxes, buy the *Citizen*'. He had become South Africa's Judge Sirica of Watergate fame.

On Friday 3 November 1978 the front page of the *Mail* carried this leader by Sparks:

Yesterday's disclosures came as a massive vindication of all this newspaper has published. It was an even greater day for the judiciary. Every legal man should swell with pride at the courage Mr Justice Mostert showed in resisting the Prime Minister's pressure to silence him and acting according to what he saw to be his duty in the highest interests of his country.

Now that these revelations are out, the clean-up can begin.

There must be swift action to prosecute all those who, on the evidence, may have been guilty of criminal conversion of public money.

The deceitful enterprises which were launched as a fraud upon the public must be closed down. The taxpayers' money must be paid back. Public officials who have betrayed their positions of trust must be removed from office. Especially Connie Mulder, who so patently misled Parliament when he gave it a bald-faced assurance last 10 May that 'the Department of Information and the Government do not give funds to the *Citizen*'.

But all that is only the beginning. Exposure of the corruption is only the half of it. The other, more important, half is to expose the extent of the cover-up.

It was not the Watergate break-in itself which had such devastating consequences in the United States so much as the cover-up by top Government people right to the President. How far has our cover-up gone?

Clearly it must have been widespread. If newspapers could find all this out, many people in Government must have known it too.

Many awesome questions present themselves in this respect. Why was General Hendrik van den Bergh, a key figure in some of the conspiracies, himself appointed to investigate them?

And then another BOSS investigator, Loot Reynders, issued that three paragraph report saying he could find nothing wrong. Yet we know that, in

Judge Mostert's words, there was the 'misappropriation of millions of rands of taxpayers' money'.

But most depressing of all is that P.W. Botha, who had a great chance to emerge as 'Mr Clean' from this sordid business—in effect to become the Gerald Ford of South Africa—associated himself with the cover-up yesterday with his attempts to prevent disclosure of the facts.

Why did P.W. Botha go to such extraordinary lengths last night to try to stop the media from publishing information about corruption in the Government? Like Judge Mostert, we have refused to yield to this pressure. We cannot believe that it can possibly be in South Africa's interests to suppress news of corruption.

This was a grievous misjudgment on P.W. Botha's part. We can only hope that it is not too late; that he will yet recover himself and come to realise that the only way is to complete the cleansing exercise—cover-up and all.

Botha did not, however, jettison the concept of a commission as a way in which to handle the Info problem. He later appointed the Erasmus Commission to continue the investigation.

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THE CATS' NEST

'They were stealing money left and right ...'

Newspapers which published the Mostert evidence in full were inundated for days afterwards by people demanding copies. The evidence was indeed startling, with Louis Luyt and Retief van Rooyen providing graphic insights into Muldergate. Van Rooyen's evidence gave the public, for the first time, a close look at the machinations and intrigue that lay behind the obdurate façade put up by those who constituted the power elite in South Africa. His evidence, too, raised big, black question marks over Vorster's role in all of this: Why did he sit back and allow Mulder to lie to Parliament? Why did he allow the *Citizen* to continue? Was van den Bergh's appointment as an evaluator part of a cover-up? Why was his answer to all of this to call a general election? Why did he not inform his Cabinet about the secret projects until forced to do so? Had he now sought refuge in the State Presidency?

This is an edited version of the evidence submitted by van Rooyen before Mr Justice Mostert on 27 September 1978 (while Vorster was still Prime Minister, and on the day that Rees had so desperately searched for the advocate):

Van Rooyen: During or around May 1976 Dr Rhodie told me he wanted to talk to me confidentially, and that I had to realise that what he was going to tell me was, in his view, subject to the Official Secrets Act.

He told me his Department had a large number of secret projects. Examples he mentioned were that they could not distribute films made on behalf of the Department overseas; they needed front organisations; they could not issue publications, etc. In other words, they had a whole series of front organisations acting for them. Their directors read like a South African *Who's Who*. Because of my links with international law in the Hague cases, they felt that I would be a suitable person, both from a security viewpoint as well as a status viewpoint, to act as a director of one of their front companies Thor Communicators (Pty) Ltd, which they were intending to establish.

I asked what it would entail. He explained that I would have to sign contracts or documents from time to time and that they needed my name on a letterhead. For that they would pay me director's fees of R1 200 a year. I thanked him for his confidence in me, and said I was prepared to help.

The lawyers appointed by the Department, van Zyl, le Roux and Hurter, submitted the articles of incorporation to me for signing, and the company was incorporated early in June 1976.

Co-directors appointed by Dr Rhodie were Oscar Hurwitz and Andre Pieterse. At this stage I left for the Turnhalle talks in South West Africa/Namibia, as advisor to the Ovambos and for many months, until May 1977, I was in Windhoek more than in Pretoria. The effect was that I actually stood outside the activities by or on behalf of the company.

At the start it was indicated to me that I would not be privy to or would not be supposed to know about, policy decisions by the Department—why they were doing certain things, or what the reasons or motives were. In other words, I played the role of a type of post office and a name on a letterhead.

At one stage, during October 1976, while I was back from the Turnhalle in Pretoria, I was contacted by the Standard Bank and told that a sum of \$3.5-million had come in for Thor Communicators and asked what should they do with it; should they convert this into rands or hold it? What was the intention?

Until then I had not heard anything at all about such a sum being on its way. I contacted Dr Rhodie and told him \$3.5-million had arrived at the Standard Bank and asked what to do with it. He said it had to be converted into rands and paid into an account at the Volkskas Bank. It came from Thesaurus Continental Securities in Switzerland. I began making enquiries about what exactly Thesaurus was. I did not get a clear answer.

I also talked to Les de Villiers. Somewhere I got the impression, it may have been from de Villiers, that Thesaurus was a front company for BOSS and that it was therefore a transfer of funds from one state department to another.

These funds were then paid in. There was no further correspondence to the best of my knowledge or any documentation until much later. In February 1977 a further amount of \$1.5-million came in from Thesaurus, also via the Union Bank of Switzerland. This amount of \$1.5-million took the same route to an account number at Volkskas.

Judge: Do you know who the people are at Thesaurus?

Van Rooyen: Not at all. There is a so-called instruction letter, dated 17 June 1977 which clearly came along with this correspondence. There are documents signed by Oscar Hurwitz, a so-called 'loan agreement' and an instruction letter. There was not a company meeting in that regard, and I have no knowledge of documentation. Oscar Hurwitz is dead, so it's difficult to get the exact actual background.

Judge: Do you know what that money was used for? This R5-million?

Van Rooyen: No, I don't know what the money was used for. In approximately mid-1977, I instructed the auditors to find out exactly how to balance the books; what the Department of Information secret funds did,

what they attributed to Thor Communicators, and what not. Were we just a pipeline for the funds, to get the money into their local account? Proof of this was sought from Braam Fourie [the Department's accountant]. In 1977 I began to get unhappy about certain aspects of the company. I told them there were certain entries I would not like to take the blame for and about which I had no knowledge, nor wanted to know anything of. The matter was left there.

One of the aspects mentioned was that: \$1 $\frac{1}{3}$ -million should be paid, on an agreement signed by Oscar Hurwitz, for the purchase of a half share in Louis Luyt's aircraft. There was another entry in this handwritten document which stated that R1-million had been loaned to Luyt, being a half shareholder in the aircraft. I could find no motive or reason why the loan of R1-million should be made. I had no knowledge of it. Never did such an amount go through the books or cheque account of the company. It looked to me like a book entry in the Department's secret fund and I said I wanted to know nothing about it.

Judge: Out of which funds were those amounts paid? Was it paid out of this R5-million?

Van Rooyen: This I don't know. The impression I get is that the Department, in a very loose manner, accepted that all these funds were their own funds, to do with what they thought good and that they used Thor Communicators as a conduit.

Judge: When you say the Department, does this include the Minister?

Van Rooyen: I at no stage discussed the matter with the Minister, in other words, discussions that I did have were with Eschel Rhoodie or, on rare occasions, Les de Villiers.

Judge: Did you get the impression that the Minister knew about this?

Van Rooyen: I accepted that, because of my knowledge of bureaucracy. It is absolutely impossible for an official of a department to work with large amounts of money without the authority of the Minister. Unfortunately I cannot verify this.

Judge: Apart from the R5-million, do you have any knowledge about a further amount of R10-million?

Van Rooyen: Yes, it is not connected to Thor Communicators. In about October 1977 Eschel Rhoodie visited me, accompanied, I think, by John McGoff. Van Zyl Alberts was also present. Rhoodie said that McGoff would take over the *Citizen*. They offered me the managing director's post in South Africa. Rhoodie and the Minister were on their way to Amsterdam. They wanted to make the announcement that McGoff had taken over the *Citizen* from Louis Luyt. But McGoff wanted to talk about the problems connected with the takeover, and Rhoodie mentioned to me that there were problems with the loans to Louis Luyt. Contracts were then shown to me. One is a document which reads: 'I Eschel Mostert Rhoodie loan hereby to Louis Luyt the amount of R12-million'. If I remember correctly, there were

no references to any security or repayment conditions or anything along these lines. There was also a second document, an agreement between Rhoodie and Louis Luyt, in which the so-called 'editorial policy' of the *Citizen* was contained, wherein provision was made that the Department of Information via Dr Rhoodie would have control over the direction of the paper. Both contracts were drawn up by a person whom I assumed was Louis Luyt's lawyer in Johannesburg. Then I was told that Louis Luyt made the presumption based on the verbal understanding with Rhoodie, that the R12-million would be invested and the interest used to cover the deficits of the *Citizen*. In other words, Louis Luyt went along and sank the amount of R12-million in what is his own company, the Fosfor installation, and in Triomf and/or other of his companies.

Then there were problems. Luyt wanted to sell the newspaper but couldn't pay back the R12-million. Rhoodie had a problem and wanted to hear from me how this R12-million could be recovered. After all, it would be impossible for Eschel Mostert Rhoodie to summons Louis Luyt on that agreement for repayment of R12-million because, said Rhoodie, everyone would then know that Eschel Rhoodie did not have R12-million to loan and that this was part of the secret fund.

I drove with van Zyl Alberts to Jan Smuts Airport to speak to McGoff and his attorney. My advice to John McGoff was to stay out of it, because there was also a deficit of R400 000 a month on the running of the *Citizen*, and that month after month, in some manner or other, money out of the Department of Information's secret fund would have to reach John McGoff. I personally wanted nothing to do with this whole matter. I viewed it as completely in conflict with good government that taxpayers' money be used for internal projects whose aim, maybe, was to further party politics.

A document was then laid before me and I was asked what I thought of it. Would it save the situation? The document was a so-called cancellation of the original loan agreement made in April 1976. I said it would under no circumstances save the situation. It was not worth the paper it was written on.

In other words I was aware of negotiations in connection with the *Citizen* and I was also aware, on the strength of the statements made to me, that an amount of R400 000 per month from the secret fund was paid out to whoever managed the *Citizen*.

You want to know more?

Judge: I want to know everything you can tell me.

Van Rooyen: A few months after Thor was formed, it came to my notice that this company bought flats in a block called Valhalla, at Clifton, when the property company, Voysey Bond, crumbled. It seemed that the attorneys van Zyl, le Roux and Hurter received money directly from the secret funds and then paid for these flats. A Mr du Preez, of this firm, whom I later had consultations with and asked what had happened, said that they had received instructions to pay this amount in cash even before a title deed

registration took place. Then Voysey Bond crashed and there was a sort of financial crisis as a result of the purchases of the flats.

Judge: How much money did Thor pay?

Van Rooyen: Something like R256 000. I was then told by Rhoodie and the attorneys that we must also buy the other unsold flats. I was unhappy about this: how is it possible that the State could purchase the property in this way? Thor was a private company. The undertaking was that each of the shareholders must sign a blank transfer form and hand it over to the lawyers in the interests of Eschel Rhoodie.

I sat with the fear in the back of my mind that I didn't know anymore where the blank transfer forms were. Whether they were filed with the Department, whether there were notes in the Department's files which indicated what precisely departmental property was. Were they perhaps lying around in the safe in Rhoodie's house?

At that stage, I didn't even know that flats had been bought. But now it appeared that immediately after registration of the company Oscar Hurwitz signed a contract for the flats.

The explanation which Dr Rhoodie gave was that they had so many people overseas and locally who weren't civil servants, but were on the pay-roll. All had a three-year guarantee in their contracts that they would get three years' salary if their services were ended. The Department was building up an emergency fund against an event such as when the American Congress cut off the CIA's water and lights in Angola. If such an eventuality arose, then they would need an emergency fund. Instead of leaving it in a bank to collect interest, they decided to invest in property and therefore bought the flats.

I worked out that the return from these six flats was something in the region of two or three per cent. I still remember that I made this remark: 'Gentlemen, if you can convince me that you are authorised to purchase property in this manner, why don't you mention this to me? I can get 13, 14 and 15 per cent yields, this is my speciality area.' But I was not happy about the whole transaction. I did not want to buy those additional flats. When I later heard that van Zyl Alberts bought flats in the name of his company and in his personal name, I accepted that it was probably from the secret fund.

Van Zyl Alberts is the person in control of *To the Point*, and other publications. He was also the person who was present at the conversation with John McGoff.

Then it appeared that one of the flats was never let for the period June 1976 to April/May 1977. That became one of the queries that we had about Clive Parkes, the agent who initially sold the flats to Thor. He handled the renting of the flats and lived in one himself. At the beginning of 1978, we got Parkes to Pretoria and I questioned him, among other things, about why this flat was never let for that period of eleven months. It's at Clifton, on the beach, as I understand, and would be in demand at all times.

His explanation was that this particular flat, with the adjoining one, was Eschel Rhoodie's flat and that the other adjacent flat was Deneys Rhoodie's.

I must mention that, according to the correspondence and the communications from Clive Parkes which later came into my possession, Rhoodie personally handled the negotiations for the purchase of these flats. At all times he said he was buying them personally and at the last moment said his company, Thor Communicators, would sign the contract.

At the end of 1976 Rhoodie invited me and my whole family to accompany him to the Seychelles, on holiday, for a couple of days. We said no as we were going to our holiday cottage at Nature's Valley.

During that holiday, he and his family came to the Beacon Island Hotel at Plettenberg Bay and he visited us one day. He repeated the invitation. When we still weren't keen to go he said he actually needed me there, because they [that is, the Government, working under cover] were considering registering Louis Luyt's aircraft in the Seychelles. They wanted to go to the OAU countries and therefore they needed the aircraft registered in an OAU country. He needed me—once negotiations were completed—to sign on behalf of Thor Communicators, because they wanted to put the aeroplane into Thor.

This gave a slightly different aspect to the matter. My wife was still not keen to go, but my daughter and I flew to the Seychelles. There they negotiated with President Mancham and Prime Minister Rene.

Present were the Rhoodie couple, the de Villiers couple, the President with a female companion, Rene and his wife, and a Mr Hurst, a landscape architect from Durban who does work for the Seychelles government, with his wife. I was the extra person. During a meal, Rhoodie, de Villiers, Mancham and Rene must have been away for an hour holding their private discussions. Hurst and I were the only men who stayed with the ladies. They certainly negotiated, but what they negotiated, I don't know.

Afterwards there was scuba diving, looking at fish, hiring boats and all that sort of thing. It was, shall we say, an expensive little affair. I was eventually responsible for two-thirteenths of the cost. That was a pleasant little sum.

On the last day, I asked Rhoodie and de Villiers where the documents were that I had to sign. It was then explained to me that the negotiations had come to naught because they couldn't register an aircraft in a country which didn't have the proper service facilities.

By the middle of 1977, I began to ask what was actually going on. Then I found that they had already got a half share in the aeroplane at a much earlier stage and that they had eventually attributed it to Thor Communicators. Finally, Louis Luyt sold the aircraft and an amount of R1.2-million was forthcoming, being for the half share of the aircraft which now belongs to the State.

Judge: Who were the shareholders of Thor?

Van Rooyen: Oscar Hurwitz, Andre Pieterse and myself, each with one share. After Oscar Hurwitz's death his additional share was transferred to me via the blank authority which the Department had in its possession.

Judge: Did Eschel Rhoodie have a share?

Van Rooyen: No. As far as we were concerned it was a secret fund front. Eschel Rhoodie had no personal interest. That was also the reason his involvement with the flats was, for me, of such a nature that I had to report it immediately.

Then there was a further involvement. In the second half of 1976, I was asked to sign a document, a loan to an Andre Pieterse company. I was told that at a much earlier stage R825 000 had been made available to Pieterse by the Department for the purpose of building cinemas for blacks, in which Information-sponsored films would be shown. I said 'here is a director who is involved as a shareholder', and contacted Oscar Hurwitz to ask if he was satisfied with this thing. He said he knew about it and I then signed the document.

In other words there was now a loan agreement for R825 000 which provided for repayment over a long period of time as money came in from the black cinemas.

I later asked Andre Pieterse, what had become of the R825 000? I also asked Loot Reynders what he was doing about the R825 000.

I was then told by Reynders that to the best of his knowledge the money was not used for the specified purpose. I said that the money should come back.

There was a letter dated about October 1977 in which Andre Pieterse wrote that the money would be ready for repayment in February 1978. But what about money that had been used in the meantime, or losses that had been suffered?

In April 1977, two things happened: the first was that the lawyers, van Zyl, le Roux and Hurter came to me and said I must sign a contract for the purchase of a property in Bantry Bay, Cape Town. They said it was for a project and they had been looking for me for three weeks. It was already very urgent. I must please sign. I said, 'Wait a minute. First I want to know what I am signing for.' I tried to get hold of Rhoodie. He was not available. So we discussed the thing and I then signed.

Soon afterwards I saw Rhoodie and he told me it was meant for a project. They needed a house for a senior official [to be bought] out of the secret funds, but since then he [Rhoodie] had decided to buy the house himself. He said that he would buy it back from the company. I told him that he was mad because he would have to pay double transfer duties, and he could not expect that the State would carry them, or any losses. I said he must immediately cancel the purchase contract and if he wanted that stand he must buy as the buyer himself. The contract was cancelled and I understand he then bought and paid in his personal capacity.

Also during April, a contract was sent to me for the hire of a cubicle at Loftus Versfeld, with the request that I sign this agreement in the name of Thor Communicators. I didn't want to sign this contract. It was R8 000 for two years. One of these private cubicles at Loftus Versfeld. It didn't look good to me. I couldn't see why the secret fund from Information had to hire a public cubicle in front of 60 000 people at Loftus Versfeld.

I then asked Rhoodie: 'What is the idea behind it?' He said they ask a great deal of people who couldn't be included on the official Information visitors' list; people who are brought out with the secret funds and who did not want to be seen associating with the government of the Republic of South Africa. These people must be shown rugby and that was why they were getting the cubicle. Now it might have been a plausible explanation but I just wasn't happy any more.

Then I went and looked, because the rule is the directors would each get two season tickets. At the first match, there on top of the door was 'Department of Information'. So I said to Rhoodie, 'What now? You said you needed a secret cubicle but there it says "Department of Information". You're blowing your cover completely.' He said it was a mistake and 'Department of Information' shouldn't be there.

The next week the Department of Information's name was off and there was 'Thor Communicators'. Who was sitting in the cubicle? Eschel Rhoodie, Deneys Rhoodie and a lawyer relative of theirs.

I sat by myself and wondered how it was possible, because here was Rhoodie advertising again to anyone interested in knowing, that there was a link between Dr Rhoodie and Thor Communicators. It looked as if it was a Rhoodie cubicle.

I was very unhappy about it, so I asked him why he had 'Thor Communicators' on the door and pointed out that whatever visitors he brought, he would always come with them or there would be links that would be visible.

He replied that this, too, was a mistake; there shouldn't be 'Thor Communicators' on the door. When I came again, the third time, the 'Thor Communicators' board was off and there was nothing in its place.

Then I decided to do a test to see if the whole thing was kosher. I told Rhoodie I had heard from a Press friend of mine that the *Sunday Times* wanted to write a story about the cubicle at Loftus Versfeld. I said I couldn't swear it was the same cubicle, but why should they want to write a story about a cubicle at Loftus Versfeld? The reaction was dramatic. It was obvious he was very frightened.

Deneys Rhoodie immediately phoned me and said I must give the two tickets back to them; no one would ever again appear in the cubicle, they would exchange the tickets with other people. They daren't be seen there, they might be photographed with a telephoto lens.

For me, that was confirmation that something was wrong with this cubicle at Loftus Versfeld. Then I told Rhoodie that I was sorry, but I was

not prepared to sign this contract. That was in the middle of 1977. I went to Robert Denton, of the Northern Transvaal Rugby Union. Then I went back to Dr Rhoodie and told him there was no possibility of dealings between me and the Northern Transvaal Rugby Union and that he must just make his own arrangements.

By that stage the auditor and I had decided there was something very wrong with Thor Communicators and we started investigating; we asked for explanations; we did nothing more, we signed nothing, we paid nothing more. We now wanted to know what exactly was going on.

One day Dr Rhoodie came to me and asked if he or the Department could sue someone for libel. I told him to stay away from libel. 'You will do yourself more harm than good.' Just before he walked to the gate, he said to me, 'Look, send me an account for this advice you gave me now and I'll add the amount, the R4 000. Then you pay Robert Denton for the cubicle.' I said to him, 'you're crazy; you're suggesting to me that I must pay for this cubicle with State funds.' He said 'no, forget it.' I then reported these things all round, not just to Reynders but also in other quarters, as widely as I could.

Judge: Was the cubicle ever paid for?

Van Rooyen: Yes, that was the point I wanted to make. I did at that stage, I was asked to, because it had become a problem.

Judge: Among others, did you report to the Prime Minister [John Vorster]?

Van Rooyen: Yes, on numerous occasions.

Judge: When was the first time you reported these things?

Van Rooyen: I reported to Reynders during September 1977.

Judge: And to the Prime Minister?

Van Rooyen: I'm a bit hazy about that because I saw him a few times.

Judge: Before or after the September reports to Reynders?

Van Rooyen: It would be after that time. The first time that I can be definite about was in October.

Judge: Did you report to the Prime Minister as a result of a request or of your own free will?

Van Rooyen: I went of my own free will. I told him everything, the whole story. Immediately after this a newspaper story was brought to my attention by Rhoodie in this McGoff-van Zyl Alberts connection. I felt immediately that this was an occasion when I must report to the Prime Minister. I then reported it to him and he appeared to me to be very shocked.

Les de Villiers, at a previous stage, had told me that they were stealing money left and right around him from the secret funds. For example, they gave him R10 000 and he used it for projects. Later, when he was asked to take part in some light hearted activity, he said he had no money. He was then asked by Dr Rhoodie where was the R10 000 that he had given him. He said he used it for projects. Dr Rhoodie apparently said to him, 'but you are stupid, I actually gave it to you'.

Les de Villiers came to me and said he now had an offer to go to America. He could not take it any longer. There was going to be a row and he felt he should go. But on the other hand he did not just want to give up his career in the civil service unless it was really necessary. He asked me to speak to the Prime Minister to get his advice.

I did so. I went to the Prime Minister and his advice was to keep as much distance as possible between himself and the Rhoodies. This advice was passed on to Les de Villiers who then decided to take the position.

The day he gave his farewell party, I was alone with the Prime Minister in the morning about this matter. When I got to the party that evening, Connie Mulder, General van den Bergh and Eschel Rhoodie were standing in a corner, talking. A few minutes later Les de Villiers called me and asked what was going on; he had been warned to be careful about what he discussed with me because I was going to the Prime Minister with stories.

In other words, my discussion with the Prime Minister that morning had by that evening already reached the ears of Mulder, Eschel Rhoodie and the General. I asked Les de Villiers how this could have happened. He said the General had revealed it; the Prime Minister had told him.

I went back to the Prime Minister the next day and told him I was disappointed because our discussion had been confidential. If I recalled correctly, only he and I had been present and it disappointed me that the very same evening warnings had been given about me; and in addition my 'cover' enabling me to inquire and report to him had been destroyed. He said that he too was seriously shocked about it, how on earth could it have happened. I replied, 'You told the General, and he has told the others'. So there were long discussions between myself and the Prime Minister about the matter.

In November I had been told that this whole so-called 'cats' nest' would be cleaned up only after the election on 30 November.

Judge: By whom?

Van Rooyen: The Prime Minister. He said to me he could face everything, but just not the newspaper [the *Citizen* disclosures]. Those millions had to come back. During December or early January, before he appointed his Cabinet, I went to see him at Oubosstrand. I suggested that the only solution would be not to re-appoint the Minister concerned to his Cabinet and also to make sure that Eschel Rhoodie would not be in the Department any more.

I may just mention that towards November, Gerald Barrie, the Controller and Auditor-General, demanded that Deneys Rhoodie should go when he came back from South America because of what was emerging from the investigations into public accounts.

I then heard all sorts of explanations from Eschel Rhoodie, that he and Deneys would not resign and that they would see it through—that they had protection. At that stage General van den Bergh was already busy negotiating with Barrie over a solution to the problem.

The Prime Minister indicated to me that he could not afford, in the current situation, not to appoint the Minister again to the portfolio, because within the first week after he appointed someone else, that person would return to him shocked over the kind of child he had inherited.

I also asked the Prime Minister whether we could not force Eschel Rhoodie to resign. He replied that 'one devil could become two'. I told him many times that this thing would burst open, that it would do tremendous damage. There was only one course he could follow, and that was simply to take steps to clean up and say to the nation: 'Look, I came across irregularities, I am aware of them, I took the necessary steps, but because confidential aspects are involved, I am not prepared to make the details available and you must trust me.'

Unfortunately it did not happen. At the end of March the newspapers started their campaign of unravelling the thing. I understand General van den Bergh was then deeply involved in keeping the whole matter under control and had been appointed to do the evaluation.

General van den Bergh made an appointment to see me at his son's flat at San Torino. He explained that he had arrived with counter-tailing methods and presented me with the legal advisor's advice with regard to the applicability of the Official Secrets Act. Then he informed me that he had been to see the Prime Minister and Connie Mulder and had told them he had wanted to resign previously, but that he would save them. The people were saying that the Prime Minister by his silence, was misleading the nation, that Mulder was lying. Van den Bergh then told them that he would save them and take over the evaluations, and would manage project for project for the next two years, if necessary. He said that he had spoken to Harry Schwarz [who was later to become the Opposition's main spokesman and inquisitor on Muldergate], and had misled him. Any matter dealt with by the Bureau for State Security was covered by the Official Secrets Act, and he would therefore inform newspaper editors that any further writings on this matter would be a contravention of the Official Secrets Act. He also said that he would start with project No 1 and he would go to the end, and if there were any queries, then he would say that he did not even know whether there was such a project. He would finish them one by one. In other words, he would stretch the thing out for them until the whole thing was dead.

14

LUYT'S CONFESSION

'You are a James Bond . . . I hire guys like you . . .'

The evidence given to Mr Justice Mostert by Louis Luyt, the barefoot son of a railway clerk, who became a millionaire in seven years, and who had answered the call to run the *Citizen* as a government front because he was told that John Vorster had picked him for the job, was as startling as Retief van Rooyen's. With him was his accountant, Fourie du Preez.

This is an edited transcript of the evidence they gave on 4 October 1978:

Judge: Let us start with the newspaper, the *Citizen*. Then tell me, in the order that they happened, all the things that you know.

Luyt: I cannot give the precise date, but I went to a test match with General van den Bergh, Dr Rhoodie and Piet Koornhof. General van den Bergh told me that he was going to approach me because he needed me. I said sure, but I did not know what it was about.

I was then approached by Dr Rhoodie. He said they were in the process of taking over SAAN and that they wanted to use me; especially my name as I was reasonably wealthy. The amount that was named for the shares was within my means. They had already bought shares through Jan van Zyl Alberts, who asked me to accompany him to Hill Samuel, the bankers, to complete the transactions. He told me that he had two foreign partners, John McGoff and Axel Springer, and that the balance of the money would naturally come from Information. He asked me whether I would be personally interested in buying a share. I said yes, up to an amount of R1-million.

We went to Hill Samuel, who wanted financial proof that we would be able to buy the shares. When they asked van Zyl Alberts for the foreign partners, he said they asked that their names not be mentioned. Then I showed them a cheque of a little over R6-million that was paid to me for shares bought from me. That placed Hill Samuel in a position to say good, we could go ahead.

We decided to approach Frans Cronje, then a director of SAAN, whom I knew well. From there we went to Slater of the *Star* (the Argus Group). I told him I was going to make an offer and asked whether he would be interested in selling. He said he could not give an immediate answer. It then

came out that the Bailey Trust and other trust companies had the actual control of the company and that if one could get them, the 51 per cent shareholding would be reasonably easily attainable with those shares that Alberts had already bought.

I then took the lead. I found that van Zyl Alberts, although a qualified auditor, did not have much business acumen. Not that I had so much, but I felt that it was probably best that I do it myself. I also talked to Rhodie. The proposal was made that to make things look good we bring into the transaction a man like Sir de Villiers Graaff, who was proposed by Frans Cronje.

Frans Cronje phoned Graaff and he said he would like to talk. He declared himself prepared to advance R1-million to buy shares.

Graaff and I negotiated with the Bailey Trust. They waited a while and then said they could not accept the offer. I then negotiated further with them alone and increased the offer. They again said they were not interested. Later a press conference was organised for me to talk to the people over the so-called takeover. I was placed in a crossfire by the SAAN people as well as Argus people and other English newspapers. I was asked what would happen if I did not succeed with the takeover.

Judge: Whose idea was it to print the paper if the bid did not succeed? Did the idea originate with you or was it Rhodie's idea?

Luyt: I cannot say whether it was my idea. It came through during the discussions that there was a possibility.

We put R6-million in a trust. We discussed it a bit, and Mr du Preez and I thought of establishing a new printing press. This would have been tremendously expensive. We then told all the people who were involved with it that we thought, if we were to start a newspaper, we should go to an existing newspaper group and ask for tenders to print the paper.

A meeting was called at Les de Villiers' house, on 4 December 1975. Present were Eschel Rhodie, Connie Mulder, General van den Bergh, Les de Villiers, du Preez, van Zyl Alberts and myself. There we discussed the establishment of a new paper, and van Zyl Alberts presented a budget and a costing.

I was told that the Prime Minister had chosen me to do this because I was not leftist or rightist, I was not in politics and I went in a moderate direction. It was also said that it should not be a pro-Government paper, or appear to be a pro-Government paper.

I then undertook to talk to people at *Beeld* and Marius Jooste of Perskor about the printing of the paper. Jooste was not very acceptable, although Dr Mulder was on the board of Perskor, because they thought he talked too easily.

I think van Zyl Alberts was under the impression that he would become the head of the SAAN group. When the new paper had to be started, he thought he had to head that too, which we said was right. General van den

Bergh, however, adopted a very firm attitude and said no, van Zyl Alberts was not the right man.

When the SAAN bid failed I offered to give their R6-million back to them, and to give all the work we had done to them for gratis. But they said no, we had to go ahead and should start the paper as soon as possible to counteract the *Rand Daily Mail*.

We worked out budgets, but we were unfortunately completely raw. We calculated that we could come through on the basis of interest on R12-million per year, and it was decided that R12-million would be advanced to me to invest. Then the interest would be applied to finance the paper.

We started working and we then found out that where van Zyl Alberts had been out by 5 000 per cent, we were 100 per cent out as far as the costs were concerned. We did not know the cost was so tremendous.

I approached Dr Rhodie and suggested to him that we do this newspaper on the basis of a business transaction. In other words, that they lend the money to me and that I would then do it. Then we could look the world in the face and say there is no Government money in it because it was a loan to me.

Dr Rhodie and I entered into a contract whereby they lent the money to me at 3 per cent interest, interest free for the first two years. Of course, we worked as hard as possible to make a success of this newspaper. The burden was on me.

Judge: At this stage when the contract was signed, did you already have R12-million available?

Luyt: On trust, yes. It was decided that I could invest the money at 12.5 per cent interest with Triomf. The highest the banks offered was 9 per cent.

Judge: Was that decision minuted? Does it appear in a document anywhere?

Luyt: Nothing was ever minuted. It was specifically decided that none of this discussion should be in print.

Judge: When that was decided, who shared in the decision?

Luyt: All those people I mentioned, Rhodie, van den Bergh, Mulder, Les de Villiers, van Zyl Alberts, myself and du Preez.

Judge: It was decided that you people would start a newspaper, and that the R12-million in the Trust Account would be loaned to Triomf?

Luyt: I could invest it in Triomf at that stage. It was before the contract.

Du Preez: How could Luyt do a deal with a newspaper with R12-million earning interest in a bank on the one hand, while on the other hand there was an account with an overdraft? The money had to be integrated so that his image was at least like that of a businessman.

Luyt: I may just mention that Rhodie, Mulder and van Zyl Alberts later denied that they agreed to the investment in Triomf and said that the General had said the money should be invested with a bank.

When I confronted van Zyl Alberts, he admitted in front of du Preez that they had told Rhodie that it had been so decided to invest the money with Triomf. I then asked van Zyl Alberts why he did not have the courage to say so. He replied that his contacts were such that he could not.

After the loan was concluded I found that the newspaper cost much more than any of us ever dreamt. The more we sold, the more expensive it became. Du Preez mentioned that the higher the circulation, the higher the costs. We got a very good printing contract, but in spite of that it became more expensive.

I then told Les de Villiers that I would lose my estate in the process and that I would rather close down the paper. He told me no, Information must take it back, and that they had many projects losing more in a year than the *Citizen* and it was worth the trouble for the country to have a newspaper like the *Citizen*, which gave the other side of the picture.

Dr Rhodie and I met again and it was decided that the paper would again fall into their sphere of influence. But in the meantime the money was invested, fixed.

Judge: With the permission and agreement of all the gentlemen you mentioned?

Luyt: Originally they denied it, as I said, but later van Zyl Alberts admitted that they had said it was so.

They then decided to take it over again, and we kept on managing the newspaper without compensation.

Meanwhile a foreign loan of just over 17-million francs was due for renewal and the bank—Standard Bank—asked me for a balance sheet. They insisted on one and I said no, I cannot produce a balance sheet. So we lost that loan.

Du Preez: The previous year they had informed Luyt that they would renew the loan without any difficulty, but as a result of the English-language newspaper's founding they refused to do it.

Luyt: I know why they asked for a balance sheet, it was because SAAN also banked with Standard Bank. There was quite a lot of influence from various sides, otherwise I cannot see why they insisted on it. Never before had a bank asked me for a balance sheet for a loan, except after the *Citizen* had been established.

What happened then, is that this Swiss loan that I had at a very . . .

Judge: The other loan from Standard Bank. If you say 'I' then that is Triomf?

Luyt: No, it was personal. I had an undertaking that I must finance Triomf. It dated to a contractual obligation we had. That is why money was brought in. But when this loan ceased, I told Rhodie that I could not carry this loss of interest. I could not give a balance sheet unless I blew the whole thing. Then they said 'no', they did not expect me to lose a cent.

Du Preez: Right at the beginning Mulder gave an undertaking, in my

presence, that Luyt 'must not lose a cent in this transaction'—those were his specific words.

Luyt: I also said I was doing it because I had been told it was for my country. I said good, and my people worked without reimbursement. We even used some of Triomf's money, without reimbursement, because we felt it was a good thing, and because the Prime Minister supposedly wanted it.

My association with Dr Rhodie did not go smoothly. He phoned over the smallest little thing. For example, if a book was not discussed, he would phone me about it; he leaked certain things directly to the newspaper. He made it very difficult for me. We clashed more and more. He also often said things that he promptly denied a week later. One example is the Grand Prix sponsorship. Dr Koornhof had phoned me to ask if I would be interested in sponsoring it. Over the years, long before the Department of Information appeared on the scene, I had donated about R1-million to sport. If anyone wanted money, they came to me.

When Dr Koornhof phoned me, I just did not see my way clear to providing the R220 000 that was necessary. I said to Rhodie, 'what do we do?' And he said it was a brilliant idea to launch the *Citizen*. I said 'but they want a three-year contract.' He said that was all right, and for the first year the money was paid. The second year he denied that he ever said three years. This upset me terribly. The fact that he could do a turnabout like that led to all these things being put on paper. We had more and more clashes. For example, if the loss for the month was a little bigger or the cash ran short, he complained, and the more we tried to explain and prove to him, the less he understood it and he continually said that van Zyl Alberts and *To the Point* were always on budget.

For each thing there was documentary evidence, everything, but I just felt that Dr Rhodie and I could not go on like this. At one stage I lost my temper. I let him understand very clearly—in no uncertain language—that I did not work for him or Dr Mulder or for anybody else, but that I did it because I was asked to do it without reimbursement, and that I would not allow him to come and talk to me as though I was one of his hirelings. It was then decided that it would perhaps be better if the newspaper was sold—which made me smile, because I knew there was no buyer. We met again in Dr Mulder's office.

Du Preez: May I just mention one point to you, something that was perhaps missed there. There was at one stage a shortage of financing, and Luyt was told to get overdraft facilities at Volkskas, which he did. He personally signed a guarantee and mortgaged some of his shares.

Luyt: Those shares mean control of Triomf. If they were sold today they would fetch R35-million.

Du Preez: Luyt also signed a guarantee for the Perskor contract, which Jooste insisted upon.

Luyt: I also did financing at one stage. There was a shortage of money,

and I had to make use of my overdrawn account to finance the *Citizen*, at one stage for as much as R2.7-million.

Du Preez: Dr Mulder said this money which was with Luyt was a 'pool which may never be touched'. These were his words on several occasions. Any losses and other things had to be financed from other funds.

Luyt: That R12-million I guaranteed. It was also accepted that losses would be made good from overdrawn accounts and so on. At one stage Dr Rhodie simply ran short of money, and I couldn't close the paper.

This is when I told him straight out: 'You are a James Bond and you don't talk to me like that. I hire guys like you, I don't work for them, and I don't work for Dr Mulder, and I am doing these things for nothing for you.'

I don't think anybody had talked to Rhodie like that in front of the Minister before. I felt it had to be said because he simply got away with murder. Another instance is a machine we had to buy—one of these 'computers' for the typesetting work, I had to finance it out of my own pocket, and was only paid back after the so-called 'sale'. Rhodie had said go ahead. But the money was not paid, and not to look like a fool in the eyes of my own people, like a man who could not make a decision, I had to finance it.

In the meantime I had appeared on a television programme in London, which Dr Rhodie did not have much good to say about.

Judge: Before that television situation, were you and Rhodie good friends? Was there already friction at that stage?

Luyt: There was friction. I couldn't believe him and I did not believe him. He jumped around too much for me.

Judge: At that stage did you believe that Information was in reality the owner?

Du Preez: That is correct.

Judge: Then the shares were transferred by Luyt to van Zyl Alberts?

Du Preez: With a purchase contract, yes, that he bought them in his own name.

Judge: For how large a sum?

Du Preez: He bought at a nominal price.

Judge: You said van Zyl Alberts is owner in his own right of the shares in SA Today, or do you think he is a nominee of . . .

Du Preez: He told me repeatedly that if he bought these shares in his own right, the other people would have nothing to do with it.

Judge: Did Rhodie agree to this?

Du Preez: Yes, he signed an addendum to the contract that he could buy the shares in his own right. But for me it created the impression that these other people had nothing to do with it.

Judge: Whose shares do you think they are today?

Du Preez: I think they belong to the Department of Information, because he cannot give me a definite answer. Every time I ask it's a long story to get an answer.

Later, in evidence, Du Preez described his negotiations with Dr Mulder over the 'contract'.

Du Preez: I went to Cape Town for an appointment with Dr Mulder, I discussed the matter with him according to the original contract—that is, the original loan. He said we must start with the 'pool' to which he had agreed. That was R10 118 000, and all we had to do was to agree on a reasonable interest.

When that was negotiated, Thor Communicators had not been revealed. These people had said the whole time that Thor was one company nobody knew about. This was not a problem. Then a story appeared in the newspaper that Rhodie had said that Thor was a front company for the Department of Information. I insisted that I give the money back. How he fixed it up with the Department, I could not care. He then gave us a bank account. I gave them cheques. The interest rate was established at 8 per cent, averaged over the term of the loan.

Judge: Why 8 per cent if 12 per cent was originally agreed upon?

Du Preez: The contract originally said 3 per cent. The contract determined the interest rate that would be valid on a Swiss loan. The loan would be interest free for the first two years.

Luyt: We have the proof that it was 3 per cent on that day that it was not acceptable to the Treasury.

Judge: What did the Treasury have to do with this thing?

Du Preez: They alleged that Minister Horwood was on the committee and they had to justify the thing with him.

Luyt: We were not present. That is the story that they gave us.

Judge: But this is interest free for the first two years?

Du Preez: Yes. What then happened was that Mr Luyt paid 12.5 per cent throughout. On that money on which 12.5 per cent interest was paid, everything went into the *Citizen*.

Judge: Now we come to the settlement. You must now repay R12-million to the people.

Luyt: Yes, less the interest loss, which was about R2.9-million.

Judge: The calculated difference between 3 per cent and 12 per cent is R2.9-million? You insisted on repayment of that sum?

Du Preez: He wanted to repay everything. There were no problems for him. This is what I went to Cape Town to see the people about.

Judge: Did they agree?

Du Preez: To what?

Judge: To the subtraction of R2.9-million?

Du Preez: They insisted on it. At one stage during negotiations they said we had to sign a promissory note for the sum owed.

Triomf shares were then about R4.50, but because of the pressures on Luyt, when that company started to run into problems, a lot of stories were

doing the rounds throughout the country that Triomf was going bankrupt.

Then they started to get frightened. It was then that they came with these arguments. You ask whether that R10 118 000 was ever queried? It came from them. They accepted this absolutely on the grounds that Dr Mulder had said Luyt should never suffer any damage from this transaction...

Another million was borrowed against the plane.

Judge: So it is R13-million minus R2.9-million?

Du Preez: That is correct.

Luyt: In the process I lost my aeroplane and my overseas loan at 2 per cent.

Judge: Finally, how much was repaid?

Du Preez: An agreement to repay was then reached. It was specifically said that this money couldn't then be withdrawn by Luyt. You can see that if R10-million was withdrawn how many stories would go the rounds. So the agreement was reached to pay the money back on this basis.

Judge: So at the moment is this money vested in you still?

Luyt: Yes. They asked for cheques, so we gave them cheques.

Judge: So the first payments were made on 2 March 1979? Tell me, in terms of the original agreement, when did you have to pay back the money?

Luyt: 1986. Nothing before 1986. I have no intention to proceed according to the original contract. I want to give them the money as soon as possible.

Several weeks after Luyt's evidence was made public, Day went to see him. The big man seemed diminished. The confidence that had been his hallmark was not there as fully as it had been. 'I'm glad it's all over now, Chris, all out in the open. I cannot tell you how it's been, how I've had to lie in public, lie in private. What can you say to your teenage son after you've lied to him? I'd always told him, "do what you like to me, my boy, but never lie to me". I find it difficult to look him in the eye.'

'Why did you do it?'

'They told me John Vorster had picked me out for the job. I am a patriot, how could I refuse something like that? It was simply in my nature to respond.'

'And now?'

'My public life is over. I will never again be that kind of person. I know now that I must stick to what I'm really good at—being a businessman. I'm never going to have to live a lie again.'

'And Rhodie?'

'We've had our fights and we've both got into a mess. But there's no need for us to continue kicking away at each other's shins.'

Luyt hunched his shoulders together and said: 'I've got one thing that keeps me going in this. When Judge Mostert gave me the opportunity to give evidence, I took it. And I told everything, I told the truth. In the end, I had that one chance, and thank God, I took it.'

15

MOSTERT AXED

'It must be a desperate government to do such desperate things ...'

As tributes from all over the world flowed in for Mr Justice Mostert and the Press, Prime Minister Botha announced the appointment of a three-man Commission of Inquiry into the Department of Information's misuse of public funds. A proclamation summoning Parliament to meet on 7 December was published in a special Government Gazette printed the previous night. The Commission was to be headed by Mr Justice Rudolph Erasmus of the Free State Division of the Supreme Court. The other two members of the Erasmus Commission were G.P. Smallberger, a Pretoria advocate, and the Attorney-General of the Cape, A.J. 'Braam' Lategan. Evidence before his commission would be heard in secret, and his interim report would be published and debated during the special December sitting of Parliament.

But then Judge Mostert dropped another bombshell. Almost a week after his initial revelations, he said his commission would be calling more witnesses to give evidence on the Department of Information's transactions—and the hearings would be in public. This meant that the Mostert and Erasmus Commissions would be conducting hearings at the same time. It was also learnt that Judge Mostert had ceased all his normal duties on the Natal Bench and would be devoting himself solely to these inquiries. One of the witnesses he planned to call was David Abramson, head of the giant Hortors publishing and printing concern, who had previously been subpoenaed to give evidence but had been ill and produced a medical certificate.

And then the next day, 7 November 1978, two major events took place: Prime Minister Botha stripped Mostert of his commission in an unprecedented action; and the 'Crown Prince', Connie Mulder, resigned from the Cabinet and relinquished the Transvaal leadership under enormous pressure from the National Party.

Botha gave this reason for axing Mostert's Commission: 'There is an evident and untenable difference between the Government's point of view and the action taken by Judge Mostert'. He was instructed to hand over immediately to the Secretary for Finance any documents, evidence and statements which he had collected. His commission would be handed to a Parliamentary Select Committee, under the chairmanship of Hennie van der Walt.

Botha said: 'Judge Mostert had presented an interim report but had not

completed his investigations. Regarding the State President's instructions, Judge Mostert has apparently seen it as wider and more extensive than intended or justified by the terms of reference of instruction. This point of view is borne out inter alia by unverified evidence given to Judge Mostert which was made public in an unevaluated way. It is evident that because of Judge Mostert's broader interpretation of his commission, there could be overlapping and duplication between his commission and that of Judge Erasmus. It is imperative that no obstruction be placed in the way of Judge Erasmus' Commission because it has been instructed to complete its work and make recommendations before 6 December. Seeing that the instructions to the Erasmus Commission already entail certain aspects of the activity of the former Department of Information, there is no need or necessity to have these issues investigated by another commission.'

It was later discovered that the Government, through an unnamed Cabinet Minister, had also sought an urgent interdict from the Supreme Court in Pretoria to prevent Judge Mostert from addressing his Press conference. The application failed.

Mostert's reaction to his sacking was to ask the Press to respect his privacy and allow his family to return to 'normal life'.

A wave of public anger over the disbanding of the Mostert Commission swept South Africa. The Government was accused of attempting to cover up the scandal, and protest meetings—organised by the Progressive Federal Party—were held in the country's major centres. Botha warned the Press that 'if it regarded itself as above the law' stricter controls might become necessary. 'I prefer a free Press in South Africa', he said, 'but as Prime Minister I cannot do what I want to do.'

Eschel Rhoodie flew back to South Africa, cutting short his overseas trip because 'of the libellous nature' of evidence given before the Mostert Commission.

Vorster, now State President, said he would give evidence to the Erasmus Commission at his own request. And Connie Mulder left the Cabinet still proclaiming his innocence.

In a front page leader under the headline: SOMETHING TO HIDE, Sparks made this comment:

It must be a desperate government to do such desperate things.

Desperate to limit the disclosure of damaging facts in this appalling scandal, and to conceal from the public just how far its ramifications go.

While Mostert handed over his papers to the Treasury, the Erasmus Commission began taking evidence. And a Molotov cocktail (petrol bomb) was thrown at the home of Judge Mostert's neighbour, causing extensive damage. Speculation was rife that the bomb had been meant for Judge Mostert's house. Waldeck and van Rooyen both reported receiving death threats, and Rees, too, was

getting numerous threatening calls. One call, however, came as a great boon. Picking up the receiver, he heard Myrtle's voice on the other end: 'Well, well', he said. It was the first time Rees had spoken to him since the Mostert conference. 'So you've cracked it', Myrtle continued. 'Or don't you think there's lots more to come?' Rees: 'I think there's more to come'. Myrtle: 'That's right. Come and see me when you've had a little break.'

A little break? Rees and Day were bone tired. Since Sunday 29 October until that day of Myrtle's latest call on 8 November, they estimated they had worked about 180 hours out of a possible 264. There was, however, no time for rest. It was time, once again, to take stock and see in which direction the investigation should move. One of the biggest questions remained: Who was paying for the *Citizen*? It was losing R15 000 a day, and with every publication people were asking: Is it still my money? All inquiries were met by bland replies from the *Citizen* management team, and flailing rhetoric from its leader columns. The other important areas remained Rhoodie's activities in Britain and the United States. Sparks decided that Rees should take up his programme where he had left off when the *Express* and the *Mail* began publishing their Muldergate revelations.

One of the key areas to be investigated would be Hortors, and the links between David Abramson, Stuart Pegg and Rhoodie. Rees and Day knew that they were behind the *Sunday Times* in this area and this was borne out when the *Sunday Times* suggested in print on 9 November 1978 that Hortors was linked to the Department of Information. This was strongly denied by Abramson. Rees and Day felt they could catch up if Rees were to initiate investigations in Britain, where Abramson and Pegg had begun the operations which led to their takeover of Hortors. Abramson was a formidable 'opponent'; he moved in top South African liberal political circles; was friendly with many members of SAAN's board; and had been threatening to get journalists looking into his affairs sacked. He and Pegg were a curious team, and if it was true that Hortors was a government front, they had pulled off one of the most incredible deals yet in South Africa.

Myrtle had given the first indication that Abramson was linked with Rhoodie, and from that time the *Mail* team had been investigating him and Pegg. The *Mail's* deputy finance editor, Hamish Fraser, was called in to advise on this side of things and wrote of the Abramson-Pegg team:

Stuart Pegg and David Abramson have worked together on and off, for years. They were both with National Growth Fund in the late 1960s.

The important difference between their relationship then and their partnership now is that Pegg was a personal assistant to Abramson, who was calling the shots in the most exciting industry of the time.

He and Abramson make a formidable business partnership, says Pegg, 'because David is a humanitarian and I'm a cynic, and I'm a good trader and he's a great accountant who can back up my deals with the figure work'.

Pegg enjoys the pazzazz in life which wealth affords. He enjoys the excitement of the high life and makes no apologies for it.

Jet aeroplanes, luxury yachts, fast cars and life with the beautiful people have become part of a lifestyle which Pegg clearly enjoys. And, for a man whose background has even less of the silver spoon than Abramson's, the jet setting life is palpably fun.

Pegg is a Springbok rally driver, having won the Total Rally in 1975, the South African Championships and the RAC Rally in Britain. Motor sport offers excitement and it is excitement, in business as in life, that seems to be a fundamental characteristic in the Pegg make-up.

This is not to deny that Pegg is a hard worker, whose intuition and innovation have played probably a bigger part than sheer intellect in his rise to prominence.

Abramson, it was long known, had always hankered after the publishing world. But Pegg seemed an unlikely partner.

But to understand the success of the partnership is to understand their various strengths. Pegg had become an expert in the business of money movement and the fact that Abramson and he have companies registered in many parts of the world reflects Pegg's understanding of the flexibility in tax and money rates that a geographical spread allows.

Marshall and Rees had established that Pegg flew throughout the world in the Hortors private jet, a luxuriously fitted Lockheed Jetstar. They discovered that the aircraft had been registered and bought in the United States, and that some of the crew who had flown Pegg in his travels were Americans now no longer employed by Hortors. Rees would check these angles when he went to the United States after leaving Britain.

Rees saw Myrtle shortly before flying to London, 14 jet hours away. There was no indication that Myrtle felt any elation at the success of his 'partner'. Indeed, he seemed depressed, the extraordinary events of the past two weeks weighing heavily on his mind. 'You must be careful', he told Rees. 'They'll be waiting for you when you come back.'

Rees arrived in London on 9 November, and spent the next 10 days working round the clock, trying to piece together the Morgan-Grampian and Hortors jigsaw puzzles. This edited report, dated 16 November 1978, was sent to Sparks from London—the day before the *Mail* published an article that was to land the editor in court on an unprecedented charge.

Morgan-Grampian, publishers of trade and travel journals which include the country's top medical and engineering journals, was in the midst of a financial crisis when Abramson and Pegg first got involved.

The publishing house—the circulations of which reach 85 per cent of Britons who earn more than £10 000 a year—was in difficulty because its two main shareholders, Graham Sherren and Max Geffen, an American,

had overextended themselves. The two men owned 40 per cent of the company's estimated 10-million shares.

Our informant says of Graham Sherren: 'He's not a bad sort. He is not liberal. He's conservative British. He has a cousin who is a Rhodesian cabinet minister. He is not inclined to exaggerate. He says he has nothing against South African money—he just wants to know what South African money and what these people are up to. He's all for a good business deal. He says he also tested Abramson with a "good business deal". He says Abramson was not interested in this deal, which he found to be strange behaviour.'

Geffen looked all over for buyers, including the States and Switzerland.

In February 1976 a bid for 70 pence per share was received from a Dutch company, Communika Europa, headed by the Australian publisher, Rupert Murdoch. He apparently wanted to take over the company, but they did not want to sell the company in its entirety.

During this crisis an offer came out of the blue—from Abramson. Instead of offering 70 pence, he was prepared to pay 108 pence per share. And he wanted only what they wanted to sell.

Abramson and Pegg were also working through a company, Alpane, registered in Bermuda. When they appeared on the board of Morgan-Grampian in April 1976, they owned 2 million shares, i.e. 20 per cent of the equity. Abramson and Pegg then bought 8 per cent of the shares on the open market.

When Abramson and Pegg came on the board of Morgan-Grampian they immediately struck a wrong note. They started off by suggesting that directors, instead of taking dividends, should draw £100 000 salary, payable in the Bahamas.

This apparently shocked the poor Englishmen on the board to the back teeth. And they said no. 'We only pay salaries to people who work for the company. You get dividends.'

Abramson and Pegg then suggested that the company appoint a South African correspondent for all of its journals. Again they said no. Their argument was that each journal had its own editor and correspondents—why should one man in South Africa be appointed to handle all the various interests of a wide and diverse range of publications? It was asked why they wanted to do this. The reply from Abramson was: 'We owe it to the South African government'.

They then asked Sherren to go to South Africa with them. This trip troubled Sherren. Abramson and Pegg were desperately trying to persuade him to take over Hortors. He looked at Hortors and said no. It was not, he felt compatible with their existing operations.

Abramson and Pegg were disappointed and said they could raise the money. He again said no and returned to Britain.

Sherren was, by now, very worried about Abramson and Pegg. At the same time, there were suddenly two new shareholders in Morgan-Grampian

—the Union Bank of Switzerland and the Rhône Bank. Between them, they bought another 1.2 million shares.

Everybody thought that the banks were simply nominees for Abramson and Pegg who then had between them 2.8 million shares. This was significant because in terms of British company law, if you own more than 29.9 per cent of the shares in a company you are obliged to make a bid for all the other shares. You can, in fact be forced to do so.

This, Abramson and Pegg obviously wanted to avoid. At the same time in terms of UK company law, if you own more than 49 per cent of the shares, you can force the others to sell at the price you want to pay. At this point they had a total of 40 per cent. It would seem therefore that Abramson and Pegg were heading for the secret acquisition of the 50 per cent. This threw Morgan-Grampian into an absolute panic.

In the first year Abramson and Pegg (particularly Pegg) are said to have run up vast expense accounts. This was such a shock to the staid and conservative Morgan-Grampian board, that for the first time in the company's history, the issue of directors' expense accounts was discussed at a board meeting. They felt it had to be stopped.

Morgan-Grampian then decided to employ private investigators to find out more about Abramson and Pegg. They went so far as to have an interview with the Minister of Finance in Bermuda who simply told them that banks in Bermuda were reputable and would not handle 'hot' money.

A private investigator was also sent to Johannesburg. He found out about the growth fund collapse. He also reported that Pegg was a 'rough guy' and one of the few people known to have had a fist fight on the floor of the Johannesburg Stock Exchange.

Abramson and Pegg at this time went ahead with their Hortors takeover bid. Morgan-Grampian wanted nothing to do with it.

In June 1976, an even more significant event took place: Abramson came to Sherren and said 'we want to take over a French newspaper. *L'Express* is on the market.'

They then took Sherren off to Paris for the negotiations. But Sherren was suspicious of this deal. He also felt that the price was too high.

In any event, Abramson and Pegg then started a French operation. They have a manager in France. He is Christopher Dolley, a former managing director of Penguin publishers, and he was employed while Pegg and Abramson were on Morgan-Grampian's board. He was not an employee of Morgan-Grampian. Abramson and Pegg opened a French office and started a French travel magazine, called *Vacances*, which was accepted by Morgan-Grampian because it was a consumer, not a trade magazine.

In October 1977, before the sale of Morgan-Grampian to Trafalgar House, Morgan-Grampian had also decided to take over the *Investors Chronicle*. This was half owned by the *Financial Times* and IPC; they had already, as it were, shaken on the deal. They had only to sign on the dotted line.

They were to take it over for the sum of £1.1-million when lo and behold, in December the executive of the *Financial Times* phoned up Morgan-Grampian and said: 'Look, I'm sorry, but I've got a second offer. It's higher than yours. I've been offered £1.25-million for the *Investors Chronicle*.'

Morgan-Grampian were furious. They said: 'We've shaken on the deal. This is just not done. In other words, are you asking us in a gentlemanly way whether we would be prepared to up our price, or release you from your obligations to us? And, in any case, before we start discussing that, would you please tell us who the bidder is.'

The *Financial Times* man replied: 'Well, there is this guy Christopher Dolley' (Abramson's partner in France).

Morgan-Grampian, of course, blew 10 fuses and told the *Financial Times* that they believed the finance was South African 'funny money'.

As a result the *Financial Times* pulled out of the deal with Dolley as well as with Morgan-Grampian.

Shortly afterwards, Abramson bought a smaller version of the *Investors Chronicle* called the *Investors Review*, which was owned by the journalists who ran it.

MERVYN REES

While Rees was filing his report to Sparks from London, Hamish Fraser was poring over the accounts of the *Citizen* which had been made public in the Louis Luyt evidence to Judge Mostert. On 15 November 1978 the *Mail* published a page one lead written by Fraser which stated that a close examination of the *Citizen's* accounts released by Judge Mostert indicated that the Government might have spent nearly R27-million on the newspaper. The article suggested that the newspaper was running at a loss of R20 000 an issue—and that the Government might still be paying. The article also stated that it was not clear who assumed responsibility when ownership of the *Citizen* changed hands for a bank draft of over R7-million. Fraser wrote: 'It is difficult to perceive how a bank, in the absence of gilt-edged assurances that some big daddy was waiting in the wings to bolster the company's resources if necessary, would have allowed a company with such a history of losses to get that sort of facility. It is doubtful whether Luyt would have wanted, even if he could, to commit himself to backing that overdraft. Could it have been the Government?'

Within two days of the publication of the Fraser article, Sparks, Fraser and South African Associated Newspapers were charged with contempt of the Erasmus Commission—the first charge of its kind in South African legal history, and the first prosecution of anybody since the start of Muldergate. On 23 November 1978 Sparks and Fraser were put in the dock, in what turned out to be a day of high drama in court. The *Citizen's* managing director, van Zyl Alberts, and the manager of the branch of Volkskas bank which had granted the *Citizen* the R7-million overdraft, refused to give evidence. They had been subpoenaed by the defence team, led by Sydney Kentridge, SC.

Kentridge said he wanted to question the men to establish what had

happened to the overdraft. 'Has it been paid, if so by whom and when was the guarantee entered into? What we wish to prove is that this overdraft which has disappeared from the balance sheet has in fact been met by the Government—but not by the Department of Information which does not exist. We wish to show that this overdraft is looked after by some other Department of the Government and that it is therefore a matter outside the terms of reference of the Erasmus Commission.'

The witnesses at first objected to giving evidence on the grounds that it was not in the public interest and that it would contravene the Commissions Act, but later on advice they stated that the Reserve Bank of South Africa had transferred money to Volkskas for the repayment of the overdraft. It was also stated that General van den Bergh, who had been appointed to investigate and evaluate the secret projects of the Department of Information, was responsible for allocating funds to the *Citizen* from other secret projects after the disbanding of the Department.

On 17 January 1979, Sparks, Fraser and SAAN were found guilty—SAAN was fined R50, Sparks R50 or 25 days and Fraser was cautioned and discharged.

Sparks told the court that the summons was served 'with dramatic and exaggerated haste' within 48 hours of the publication of the contested report. This contrasted, he said, markedly with the 'tardiness the State has shown in bringing any kind of action against the principal figures involved in the Information scandal'.

At the start of the prosecution against the *Mail* in mid-November, Rees left London for the United States. He booked into the Tudor Hotel near the United Nations building in New York City. His first task was to make contact with Les de Villiers, Rhoodie's former righthand man who had been in charge of secret projects. De Villiers was now a Vice President for Sydney S. Baron Public Relations Consultants, which operated out of a plush skyscraper on Madison Avenue. De Villiers agreed to see Rees and took him to lunch at a chic restaurant near the Baron suite. Florsheim shoes and carefully groomed silver hair showed that New York was doing him proud. The *maitre d'* knew him well, ushering him to his favourite table with the diffidence that only a large expense account can induce.

Rees looked at the man who had carried enormous amounts of South African taxpayers' money in cash in a briefcase as he went round the world servicing Rhoodie's agents and said: 'Mr de Villiers, my newspaper has gathered a lot of information regarding your activities and we plan to publish this. I think it would be in your interests to talk to me, to give your side of matters.'

De Villiers looked up from the embossed menu, and replied: 'I cannot talk to you. The Erasmus Commission makes this whole matter sub judice. I will talk to that Commission if it wants to hear my evidence, but I will talk to nobody else—particularly not the *Rand Daily Mail*.' That, and a fine lunch, was all Rees ever got out of de Villiers.

For the next 10 days Rees commuted between New York and Washington, tramping through civil service, USA, with far less rewards than he got in civil service, SA. The US civil servant, as Rees learnt, was a master at the brush off. Coffee and doughnuts, handshakes, abounded—but little information was forthcoming. The State Department, the Justice Department either knew nothing, or chose to say nothing. The McGoff connection, the Baron connection, the bid to buy the *Washington Star* with South African money, the buying into the *Sacramento Union* with South African money, all met with bland looks and a slight shrugging of shoulders. (This all changed the following year, when McGoff came under close scrutiny by his government and Muldergate became front page news in America's major newspapers.)

While Rees was looking into the Hortors Lockheed Jetstar angle, he came across the company which had arranged the sale of the aircraft to Hortors—with its offices in the Watergate complex. The man who handled the deal told Rees: 'I can't speak to you about private business operations. You'll have to speak to Hortors or Pegg direct.' (It was only after Rees had returned to South Africa and interviewed Pegg that he discovered what had happened after he had called on the company, Watergate Investments. The man Rees spoke to called Pegg in Johannesburg, and told him that Rees was in Washington making inquiries about the Hortors jet. Pegg told Rees: 'We discussed the possibility of framing you. I wanted to get them to send a girl into your hotel room, get her to shout rape, rip her clothes, that sort of thing. But in the end I decided against it'.)

Rees, however, did have success on the Hortors plane in the US; after his return he and Don Marshall combined to write this article on the R1.4-million jet and the trips Eschel Rhoodie made with it.

Dr Eschel Rhoodie, former Secretary for Information and the central figure in the Information scandal, used the R1 400 000 Hortors Jetstar executive aircraft on undisclosed missions to several African and European capitals.

There were several bizarre aspects to Rhoodie's association with the United States-registered aircraft, N7782, which was based at Lanseria and controlled by Stuart Pegg, a Hortors director.

Immediately after the Jetstar was bought in mid-January, it flew to Europe, where Rhoodie boarded it in Zurich.

With him was another mystery Johannesburg man, Bernard Lejeune, said to be a public relations consultant. With Mr and Mrs Pegg they set off on a trip that took them to Las Palmas, Abidjan, Libreville, Ndola and finally Lanseria, outside Johannesburg.

In Abidjan, Ivory Coast government officials feted the Jetstar party and threw open every facility, including the military area, to the crew. The party drank champagne with the officials in the airport's VIP lounge and spent the night in Abidjan's luxury Ivory Hotel.

The journey was not without incident. The following day the passengers

awoke to discover that the US flight crew were taking the aircraft into Ndola, in Zambia, to refuel.

The passengers panicked, fearing they would be arrested if it was discovered that Dr Rhodie was on board and that the aircraft was heading for South Africa. But Zambian officials merely searched Pegg's briefcase and checked passports.

After take-off, the pilot told the control tower they were headed for Kinshasa. Instead, the Jetstar flew to Zambia's border with Zaire and then gained as much altitude as possible before turning and heading for home, overflying Rhodesian airspace. All the while the party were terrified that the Zambians would send up jet fighters to intercept them.

Over the next few months the Jetstar was taken on several demonstration flights over Johannesburg. Among those on board was David Abramson, chairman of Hortors.

In February, it was flown to Japan via the Seychelles.

On 9 March, the aircraft was again ordered to fly to the Ivory Coast, and in addition to the Peggs, passengers included Mr Christopher Dolley, currently overseer of Hortors' magazine operations in France, and Mr Pegg's black chauffeur, who has made several overseas trips in the aircraft. Also on board was Bernard Lejeune.

When the aircraft took off for Paris it had three new passengers—the wives of top Ivory Coast government officials, who later returned home in the Jetstar.

The plane later returned to South Africa and on 23 March flew the Abramson family to Swaziland.

Since then the aircraft has flown the West Coast route to Europe, via Windhoek or Grootfontein.

On at least one occasion the aircraft was supplied with fuel from the South African Air Force dump at Grootfontein.

The Jetstar was recently used to fly former Texas Governor John Connally around South Africa. The *Rand Daily Mail* has been unable to establish who footed the bill.

According to an unconfirmed report, at least part of Connally's visit was arranged by Hubert Jussen, chairman of SA Today, which owned the *Citizen*.

Aviation experts say that the R1 400 000 paid for the aircraft was about twice its real value.

The Jetstar, which was developed as a military executive jet for the United States Defence Department has a limited range of about 1600 nautical miles and costs around R2 000 an hour to operate. Sources say it was operated on a budget of about R500 000 a year—although one well-informed source put the annual cost at nearer R1-million.

But one of the main targets of the Rees trip to the United States was to find

the luxury mansion in Miami Beach which Rhodie was said to have bought out of secret funds. The only information that Rees had when he flew into Miami International Airport was that the house was probably bought in the name of a front company (most likely the deal was handled by John McGoff's brother, Dan), that it faced onto the famous Miami Beach waterway, and that it was somewhere in the vicinity of the equally famous Fontainebleau Hotel.

As he got out of the airport taxi and stepped into millionaires' row, he realised that his task was almost impossible. The area earmarked for the search housed hundreds of mansions, all facing the waterway, all were 'near' the Fontainebleau, all could berth ocean-going yachts. And to add to the hopelessness, a quick check with both the telephone directory and the telephone exchange showed that Dan McGoff lived in an apartment on Collins Avenue and not a mansion.

Rees decided that the meagre description given to him probably placed the house somewhere along North Bay Road which stretched for miles down the Miami Beach waterway. As he strode along the waterfront humidity made his shirt stick to his back. The tanned, tanga girls lying on the yacht decks sipping long fizzy drinks made him feel that he truly was in the world of Travis McGee, as did the snarling dogs and taciturn security men that guarded the yachts, the girls and the mansions.

His money running low, Rees booked into a rundown hotel in a backstreet which never saw the sun—because the Fontainebleau, with its 90-dollar-a-day rooms, loomed over it. He borrowed a Bresser Cross-Index Directory which listed all properties in the area, with owners' names, phone numbers, streets and approximate date of purchase. He concentrated on all the even numbers as those properties faced the water; he then chose from those the properties which had unlisted phone numbers; and then he looked for names that had a familiar sound to them (Gerber, for instance, could be South African or American). By the time he had finished this process, he had a list of about 50 houses to investigate.

On a house-to-house search, he knocked at the vacation-home doors of many of America's stars—houses that were once owned by people such as Walt Disney, Danny Kaye, J. Edgar Hoover, Al Capone. Nobody, but nobody, had heard of 'the McGoff mansion'. He went to the Miami Beach detectives office, where the cops, who looked mean enough to take even Travis McGee apart, turned out to be friendly but were of little help.

He abandoned the search after losing several kilos in weight and spent two days in the Dade County courthouse searching through the files which recorded every property sale in Miami Beach since 1975 (which meant peering through hundreds of microfilms projected onto a screen).

Next he tried the waterway bars and discos. At one of them he spoke to a journalist who covered Miami's social scene. 'Dan McGoff', she said, whirling her daiquiri with a long, red fingernail, 'sure I've met the guy. He's strong on the cocktail circuit. I'll do some checks for you. I'll leave the message with

Jake', the fingernail came out of the cocktail and pointed at the barman. The next day Rees returned and found this note waiting for him, signed 'Ethel': 'He's bought a new yacht—the *Global Star*. Has not been here, but has berthed at Detroit home port. Am told it had an exciting summer, with entertainment aboard for many prominent friends in high places. That's what makes a yacht go "round", Mervyn. Dan McGoff is president of the Admirals of the Florida Fleet (or however that goes). Panax is chartering the Costa cruise ship, *Renaissance*, for an 11-day cruise from Miami through the Caribbean. Panax executives, admirals, others going. Am told that McGoff does have a North Bay Road home, but think it's been sold. Happy huntin', shootin', boy.'

Rees then started searching again, looking for traces of the *Global Star*.

While he was working the Miami waterfront, events in South Africa were going along at a cracking pace. The Erasmus Commission was working long hours, taking evidence from the key Muldergate figures—including Rhoodie, who gave evidence for three days and then slipped out of South Africa for Europe to complete his 'business trip', Vorster, van den Bergh, Mulder, van Rooyen, Luyt, Abramson, Reynders, van Zyl Alberts, and Prime Minister Botha. The commission also subpoenaed several journalists, including Sparks—warning all of them that further publication of material relating to the Department of Information would be construed as contempt of commission.

Van Zyl Alberts and company then 'sold' the *Citizen* to the Nationalist Press giant Perskor amid an outcry from government critics, saying the sale should not be allowed to go through before the Erasmus Commission completed its work and reported to Parliament.

And then an extraordinary thing happened: the Government announced out of the blue on 3 December 1978 that Eschel Rhoodie's passport had been withdrawn. All South African missions abroad were advised that Rhoodie, who was still in Europe on his 'business trip', had to surrender his passport. Judge Erasmus said he had not initiated the move, but agreed that it probably followed information in his interim report which was due to be made public the next day, before being debated in Parliament immediately afterwards.

The stage was set for a mighty showdown.

16

BIG BLACK SPIDER

'A man imagining himself beyond the law . . .'

On Tuesday 5 December 1978 the Erasmus Commission presented its first report—to be debated the next day in Parliament. It vindicated Mr Justice Mostert's decision to make public the irregularities he had uncovered and went on to blast the former Department of Information and many of the people involved with it. It spoke of 'irrefutable indications of large-scale irregularities and exploitation'—of the Department's massive R64-million secret fund, including possible theft and fraud 'through which the State suffered great losses'. It said that actions by Eschel Rhoodie, in ordering the destruction of documents were an attempt to conceal irregularities.

The commission revealed that it found large sums of cash were drawn from the secret fund for 'anonymous collaborators' without vouchers being filed to prove the money was paid. The Department's accountant was told not to ask questions but simply to 'pay out'. The commission recommended that the irregularities perpetrated by Eschel and Deneys Rhoodie be referred to the Attorney-General for possible criminal proceedings.

It also recommended that the State Attorney go into the question of the extent to which the State's assets had been 'unlawfully alienated' or affected by Louis Luyt, van Zyl Alberts, Eschel Rhoodie, Deneys Rhoodie, Les de Villiers and Andre Pieterse—and how the assets could be recovered. It found that the *Citizen's* van Zyl Alberts was in private possession of properties acquired with State funds, and that he did not always keep his private funds separate from those of the Department of Information.

It found that R32-million, nearly half the total of the secret fund, was used to fund the *Citizen*—and none of the money had been recovered. It was found that the newspaper was a National Party political newspaper, and therefore its establishment and funding with public money constituted an irregularity.

It stated that Connie Mulder had wrongly interpreted his function as head of his Department, and 'to say the least, fulfilled it incompetently'. He had also exercised improper pressure on others to secure favourable results for himself; he was lax and negligent in giving Eschel Rhoodie 'virtually unlimited discretion in dealing with public funds'.

Erasmus cleared Vorster, then State President, Prime Minister Botha, and Finance Minister Horwood of complicity in the scandal, although it found that Vorster had been responsible for the arrangement whereby secret funds were

taken from the special Defence fund (without Parliament knowing) and given to the Department of Information—'this arrangement must be regarded as an irregularity from a technical, constitutional and an audit point of view'. It criticised Vorster for not acting when it became known that the *Citizen* was funded with state money.

Of Botha, the report stated: 'It went against his grain to have to pretend to Parliament that all the funds in the Special Defence Account were spent on Defence activities, while part of these funds went to the secret fund.'

The report, and the selected evidence that was made public, clearly showed that Vorster—at best—knew about the *Citizen's* financing from November 1977, but he did nothing to stop it—and even permitted a senior member of his Cabinet, Connie Mulder, to lie to Parliament six months later that there was no Government money in the *Citizen*. And after the Mostert disclosures, the spotlight was on Vorster—the man now holding the highest constitutional office in the country.

But he was not the only folk hero affected by the Erasmus Commission's first report. Probably the most sensational aspect was the chilling picture Mr Justice Erasmus painted of General Hendrik van den Bergh: a man imagining himself beyond the law, indeed a law unto himself, able to do anything he pleased, a man so unscrupulous as to order BOSS accountant and Vorster's special investigator, Loot Reynders to put in a false report to influence the election of the new Prime Minister in Mulder's favour—and Reynders doing just that because he feared van den Bergh.

The report said that Reynders had 'burst into tears' while facing the Commission and, like 'a lanced boil made a clean breast of things' (Judge Erasmus was to become famous for his malapropisms and mixed metaphors, known in the legal fraternity as 'Erasmania'). The story Reynders then told the Commission bears the stamp of authenticity, of someone who, under tremendous pressure, even in fear of his life, had to do something for which his conscience had plagued him ever since.

According to the report, Reynders testified that he had been pressurised by Mulder and van den Bergh to bring out his report on the eve of the Prime Ministerial elections. The 'clean' report leaked to the *Transvaler* in September, was designed to help Mulder to become Prime Minister.

The Erasmus report said: 'Reynders testified further that, if it had been left to him, he would never have brought out such a report, but he was placed under tremendous pressure by actions of Mulder and van den Bergh. He even feared that, if he opposed van den Bergh, the General would crush him, because, as he said, "few people in this country realise what power van den Bergh has at his disposal".'

Judge Erasmus said further of van den Bergh that he not only exercised considerable influence over Vorster, but also made Vorster's decisions for him. Van den Bergh saw himself as the power behind the throne, and through Vorster tried to manipulate events in the direction in which he wanted them

to go. 'For that he sometimes withheld certain facts from Vorster and sometimes gave him only selected facts. Then again, there were times when he ignored Vorster's instructions. Sometimes he traded on the Prime Minister's name to gain his own ends. He was in charge of a formidable network of agents whose qualities he described in sinister terms.'

Judge Erasmus said the commission only saw the relevance of the statement by Reynders of the powers that van den Bergh had at his command when the General gave evidence himself. 'He told the commission arrogantly that if he wanted to do something, nobody would stop him and that he would stop at nothing.'

The commission stated that by virtue of the nature of his functions as head of BOSS, van den Bergh's role, to use his own words, was to know everything that was going on in South Africa and to report it to Vorster. He was the man who had his ear to the ground.

'However, having regard to all the evidence, the Commission is strongly under the impression that van den Bergh did not confine himself to that role. He actually used his office and his personal friendship with Vorster to try and himself influence the course of events in South Africa.'

The commission said that the way in which the General threw his weight about in the affair of the Reynders Report was 'apparent in the evidence'. General van den Bergh dominated Reynders and had him under his control. He forbade him at the very outset to report anything to Vorster about his investigation without his (van den Bergh's) permission.

'The Commission therefore considers that there was a real danger at all times of material irregularities being covered up through General van den Bergh's actions and interference.'

The report concluded: 'Viewing the evidence as a whole, the Commission gained a clear picture of General van den Bergh as a man who played a double role. On the one hand, he presented himself to Mr Vorster as the loyal comrade who had nothing but Mr Vorster's interests at heart, and carried out his wishes. But on the other hand he was an enthusiastic participant in Dr Mulder's and Dr Rhoodie's schemes ...' (The commission revised some of its views on the roles played by Vorster and van den Bergh when it issued its final report several months later.)

A day after the Erasmus report appeared, van den Bergh reacted in amazing fashion. He called a Press conference on his dairy farm near Pretoria. Newspapermen arrived to find the man who had been at Vorster's side for more than a decade in the corridors of power, sitting on a tractor, barefoot and clad in shorts. He then moved into the farmhouse and brought out a silver-plated Kalashnikov automatic rifle which he said had been presented to him by a black state in gratitude for what he had done against the Marxist cause. 'Are you going to use that thing on us, General?' a journalist asked. 'No', he said, pointing the weapon at the crowd. 'It's sealed.' He then began a tirade against the Erasmus Commission.

He drew a parallel between his experience as an internee (together with Vorster) as a member of the pro-Nazi Ossewa Brandwag organisation during the Second World War, and his experiences before the Erasmus Commission. When he was interned, he said, it was the policy of the Smuts Government to give the assurance to certain witnesses—‘or shall I call them traitors?’—that they could give any statement they wished against others, knowing they would not have to repeat the statement under oath in court and they would never have to undergo cross examination about what they said.

‘This Erasmus Commission’, he said, ‘asked me to appear before it to give evidence. I took the oath and I was immediately placed under intensive cross examination by a member of the Commission, Advocate van Zyl. So much so that the next morning I asked the chairman of the commission, Judge Erasmus, whom I have known for many years, what the charge was against me. He said there was no charge against me. I said that if there was, could I have the opportunity of obtaining legal advice, because I wanted to try and get Advocate Sydney Kentridge to appear for me. Thereafter the cross-examination stopped.

‘Their procedures were just about the same as those with my internment. I was not aware of any evidence which had been given beforehand. I was not aware that anyone had slandered me. I did not have the opportunity to be present for the testimony of anyone. I did not have the opportunity to place anyone under cross examination. I did not have the opportunity to appoint a legal representative who could place a person under cross examination concerning me.’

Van den Bergh told the Press conference that the report had made him into the biggest liar to appear before the Erasmus Commission. ‘I am shocked right into my soul.’

He called on the commission to release the full details of the evidence—and those details should be the tape recording, not a transcript.

This was not to be the only extraordinary action taken by van den Bergh over the Erasmus Commission. There was a public outcry following his Press conference. People recalled that the *Mail* was in the process of being charged with contempt of the same commission, and that van den Bergh should also be prosecuted. Judge Erasmus laid a formal complaint against the General. A nation-wide petition was drawn up, calling for his prosecution—but when the campaign began in Pretoria’s hallowed Church Square, the first person waiting in the line to sign was van den Bergh himself: ‘I agree’, he said, ‘I must be charged. That way, I’ll be able to get my case heard properly in court.’ But the Attorney-General of the Transvaal refused to bring charges—stating it was not in the national interest to do so.

The van den Bergh farm Press conference took place as Parliament sat to debate the Erasmus report in what became one of the most bitter political contests in South Africa. The Opposition, as well as the *Mail* and the *Cape Times*, called for Vorster’s resignation as State President and demanded that the Cabinet accept responsibility for the scandal.

Sparks wrote in an editorial that a nation had been swindled. ‘What kind of Frankenstein system have we created in South Africa that such an abuse of power could be possible?’, he wrote. ‘And isn’t this really the essential lesson in the whole business—that when you cast aside the tried and tested mechanisms of democratic control in the name of “state security”, you invite abuses far worse than anything that might be threatening the State.’

The leader of the Opposition, Colin Eglin, described it as a story of deception, corruption and dereliction of duty on a scale unprecedented in the history of the country. ‘This is a parliamentary session of shame. If I were the Government I would be just a little humble in speaking about the role of the Press in South Africa because it knows the Press and the Mostert Commission were important factors in exposing the whole corruption scandal. The Prime Minister should be grateful because if it were not for the work of the Press he would not be Prime Minister—Connie Mulder would.’

Veteran Opposition MP Helen Suzman said of van den Bergh: ‘This man has manipulated his own Prime Minister, a man I have always considered a strong and formidable opponent. What has he done to lesser mortals such as the present Minister of Justice, Police and Prisons? This man has been head of security before he became the boss of BOSS. Thousands of people have been detained, banned and ruined without the benefit of hearing what the charges against them were. The Government is entangled in a web of deception that has been woven in the past few years.

‘At the centre sits the big black spider, General van den Bergh. A big black spider who likes to stay off-stage and lurks in murky corners. He manipulated his Prime Minister and I am absolutely astonished. I see the former Prime Minister in a different light after being with him in this house for 25 years. He’s malleable and I never knew it—I should have devoted my attention to General van den Bergh instead. This man is South Africa’s own Heinrich Himmler.’

Prime Minister Botha told the House that the Cabinet did not take a decision to buy the *Citizen*—and ‘anyone who suggests otherwise is guilty of a public lie. I want to emphasise without bitterness that Dr Mulder never informed the Cabinet about these activities of his Department—not me, nor any other Cabinet colleague of his.’

He said he had done the ‘honourable thing’ and had asked Mulder to leave the Cabinet. ‘It is not easy to ask a senior colleague to leave the Cabinet in the face of emnity and at a time of the greatest tension and international pressure before critical decisions on South West Africa. It is not easy, but I took the decision because it was the only honourable way to act before the people of South Africa.’

Botha then lashed out at irresponsible rumour-mongers who were suggesting that the scandal reached into other Government departments, and he warned the English-language Press that he would be forced to take action unless ‘irresponsible’ reporting stopped. He said anybody who had any kind of

information should submit it to the Erasmus Commission, which was to continue its work and make further reports when Parliament met again in the new year. He accused the Opposition of using the Department of Information furore to make political capital, and some of its members of being 'unpatriotic'.

But in all this high drama, one central character was missing—Connie Mulder. As Cabinet minister after Cabinet minister got up to say he had no knowledge of secret projects, one thing stood out starkly—the front bench seat usually occupied by the ebullient Mulder was empty. The National Party caucus had decided that he would not be allowed to take his seat in the House. The Nationalists were accused of refusing to allow Mulder to put his case because it would implicate 'high-ranking members of this House'.

A deep silence reigned when Progressive Federal Party member van Zyl Slabbert swept a long, pointing finger along the rows of Nationalist benches and said: 'Is there not one of you here today who is prepared to say yes, he was my friend? I knew him well? Yes, I like him?'

Mulder had been dumped. And indeed, he was expelled from the National Party shortly after the special session—claiming, many thought justifiably, that he had been made a scapegoat to save his colleagues. Day, who had gone to Cape Town for the session, saw him sitting in a quiet corner of the House of Parliament—while inside the debating chamber they were tearing him apart. His suit was rumpled, he'd put on weight on an already heavy frame. It was hard to imagine him as the man who had moved round the world, preparing himself to take over Africa's wealthiest, strongest state.

That night, as Day reached his hotel bed, the phone rang. It was long-distance from New York City. 'Chris', the voice said, 'I've found the Miami house. I'm coming home.'

As Judge Erasmus was putting the finishing touches to his report, Rees had picked up a message from the front desk of his ex-patriate-Cuban hotel. He was to call the Miami police detectives' office. He'd become a favourite among the detectives and as he walked in he was given a mug of coffee and a jelly doughnut. 'Sit ya'all down, Merv', one of them said, 'we've got a lead'.

He gave Rees the name of a property consultant who said he had heard of a company which had handled a property deal for Dan McGoff. Rees was sent by the consultant to the Miami Board of Realtors, a small property agency housed in the Lincoln Mall. Rees made his way through the palms and potted plants which lined the mall, thinking that only Miami could have a pedestrian mall where the pedestrians refused to walk but drove around in mobile caddy-carts.

The Miami Board of Realtors was staffed almost exclusively by gum-chewing typists with strawberry-coloured hair. One listened to Rees's hard-luck story, whispered 'Fa gawd's sakes, honey, don't tell nobody', and showed him a file. In the file he found a document which showed a picture of a large house with the address 6396 North Bay Road. It gave the name of a salesman who had recently made the sale. There were no other names on the document.

Rees phoned the salesman who confirmed that he had sold the house less than two weeks previously. He refused to say more. Once again, Rees headed for the Dade County court house. This time he discovered that the house had been bought—and then sold—by Daniel J. McGoff, listed as president of Pine Tree Drive Company. From the stamp duties on the warranty deed he was able to determine what the buying and selling prices had been, and also that the house had been bought for cash by McGoff.

Rees hired a photographer and sent him to 6396 North Bay Road (he had reached within three blocks of the house in his earlier search). The house and gardens were photographed. Rees headed back for New York, phoned Day, caught the next plane to London, caught the next plane to Johannesburg, and as the South African parliamentarians left the special session on that Saturday morning and were heading for their Christmas vacations, they read Rees's account of the Miami house and saw a colour picture of it spread across nine columns. (Since leaving Miami on Tuesday that week, Rees had not slept at all.)

Next to the picture on page one was this copy: 'This is the lavish mansion at Miami, Florida, which Eschel Rhodie bought out of his huge secret funds—made up mostly from the Defence special fund. The *Rand Daily Mail* traced the R228 000 mansion after an exhaustive search which took it to millionaire's row on the island of La Gorce in Biscayne Bay on the waterways of Miami Beach.'

Rees outlined how the house had been bought for cash by McGoff on behalf of Rhodie's Department of Information and that it had been sold just two weeks before he found it—on the instructions of the 'new' Department of Information—the Bureau for National and International Communication. Dan McGoff had first put it up for sale in November 1977—at the time when the first murmurs about irregularities began to be heard.

The house, with its sweeping lawns, large swimming pool and mooring for a sea-going yacht, had a great impact back in South Africa. And people began asking: Would Eschel Rhodie come back to South Africa? Would he be found? And to wonder why he had not returned.

17

THE RUMOUR-MONGER THREAT

'The Mail team was going to have to pull out all the stops ...'

The new year 1979 brought with it new problems for the *Rand Daily Mail* investigations into Muldergate. The pressures had doubled, because Prime Minister Botha announced that he would introduce legislation after 30 May 1979 (after the Erasmus Commission had filed its final report) to curb 'rumour mongering'. By the time of the final report, he said, anybody with allegations of irregularities in the defunct Department of Information would have had ample time to give evidence before the commission.

PFP leader Colin Eglin commented: 'It appears the Government is planning to strike back at the Press. Whatever form it takes, it will be a form of Press censorship. It will make it even more difficult for a disillusioned and suspicious public to keep tabs on the activities of the Government.'

It was apparent that the *Mail* team was going to have to pull out all the stops if it was to complete its work before 30 May, because after that it would probably be forced by Botha's new legislation to give all information regarding government corruption to a State-appointed Advocate-General before it would be allowed to publish the material.

Sparks wrote a bitter editorial which included these comments: 'At the very least one would have expected a government in such a position to show a measure of humility before the public. But instead it shows arrogance and aggression.'

But what outraged Sparks as much as anything was the Government's cynical decision to 'sell' the *Citizen* to the Nationalist newspaper group, Perskor, for the price of the printing press owned by the *Citizen*—and then well below the market price at that! The *Mail's* editor wrote: 'What a rip-off of the public this is! What a travesty of political morality.' The press was sold for R375 000, although its commercial value was between R850 000 and R1-million.

It was at this time that the Morgan-Grampian/Hortors deal was finally blown as a Department of Information secret project. Under pressure from the Press and the naming of the deal as having government money behind it during the special parliamentary session, Pegg and Abramson issued a statement saying that control of the giant Hortors group was part of a plan devised by the Department of Information to establish a vast pro-South African publishing network overseas.

Pegg said he had decided to tell all because he was tired of the innuendo that had surrounded his and Abramson's role in the Information scandal. He confirmed that the Government had provided the guarantees on foreign loans which he and Abramson had used to buy control of Hortors. With the advantage of hindsight, he said, he wished they had never signed an agreement with the former Department of Information to share the group's net profits—the Government's return for furnishing the guarantees and expediting the granting of exchange control permission for the deal to be struck. He said that at no stage had Hortors gained any advantage from their overseas dealings with the Department of Information.

'Since we gained control of Hortors in April 1977, Hortors has submitted many tenders for printing projects to the Department. In not one case was Hortors successful.' He said that foreign loans guaranteed by the Department and totalling \$3-million were outstanding against their purchase of Hortors shares. The only people who were aware of the dealings between himself, Abramson and the Department of Information were Eschel Rhoodie, Deney's Rhoodie, Les de Villiers, Braam Fourie (the Department's secret fund accountant), and two senior Reserve Bank officials, Chris Stals and Jan Sennekal.

He traced his association with Eschel Rhoodie back to 1976 when he and Abramson were preparing to bid for control of Morgan-Grampian. Through the former State President, Dr Nico Diederichs, Abramson met Rhoodie who readily agreed to back the deal. Acquiring this control was seen as an important first step in reaching opinion formers and helping redress what they saw as an imbalance in South Africa's image abroad.

In between trying to buy a Paris weekly, *L'Express* and the prestige London financial weekly, the *Investors Chronicle*, as part of the overall plan, Pegg and Abramson had tried to gain full control of Morgan-Grampian. This was basic to going international because British tax laws made it more convenient to have the base company in the United States. Marwoud, the Dutch-based vehicle which was used for the Hortors takeover, was scheduled to be put into Morgan-Grampian, and as owner of Hortors, would have been an important factor in the international plans.

But failure to get control of Morgan-Grampian frustrated the scheme and when Trafalgar House came up with an offer at a substantial premium to the front's cost price it was decided that the bigger plan must be shelved.

After the Pegg statement, the former chairman of Hortors, Ian McPherson, who is also chairman of South African Associated Newspapers, announced that he had withdrawn from a consultancy agreement with Hortors. McPherson, who was Hortors' chairman for 17 years until the Abramson-Pegg takeover, said he had severed his connection with the group 'as a result of recent developments'.

Previously, stockbroker Max Borkum and former *Sunday Times* Editor, Joel Mervis, who had been approached to act as consultants, also announced that they had severed their connections with Hortors.

The Hortors' disclosure had added a significant piece to Rhoodie's international propaganda master plan.

It was apparent that in 1973 the Department had begun its secret publication buying spree in South Africa, with its abortive attempts to buy the *Natal Mercury* and later, South African Associated Newspapers. When these bids failed, Rhoodie established the *Citizen*, and added an international edition of *To the Point*.

Hortors had also launched Afri-pix—a South African news picture agency serving 360 outlets in 10 different countries, including the *New York Times*, *Washington Post* and the *Chicago Tribune*. It was barely six months old when it was forced to close.

Another Hortors operation had been to launch *Pace*, a weekly magazine that was aimed at black readers in South Africa. It had been started after attempts to buy *Drum*, the mass-circulation magazine for blacks, had failed. It was later established that Rhoodie and Abramson had evolved an editorial policy for *Pace*. *Pace* was sold later in 1979 after the staff threatened a walk-out when this disclosure was made.

On the overseas front the secret propagandists had attempted to buy the *Washington Star*. Through John McGoff they had large slices of the *Sacramento Union* as well as the large and influential television news network, UPITN; through Abramson and Pegg they owned the French monthly publication *France Eurafrique* and had tried to buy the magazine *L'Express*. They also owned a municipal newspaper which reached about 31 mayors throughout France, as well as a holiday magazine, *Vacances*, which had been publishing glowing tourism reports on South Africa. In Britain they had tried to buy both the *Investors Chronicle*, and Morgan-Grampian with its stable of trade journals. They had acquired a half interest in the *Investors Review* and were said to have financial links with the London-based magazine, *West Africa*, a claim that was later denied.

But the Department of Information's publishing empire did not confine itself to the 'opinion formers' of the world. Another front was van Zyl Albert's and John McGoff's Craft Press which printed comic books entitled *Mighty Man* and *Tiger Ingwe*, for a company called Afri-Comics. 'Mighty Man' was a black South African policeman who performed Superman-type deeds and was depicted as the terror of Soweto. This comic venture was said to have cost R500 000 and was illustrated in New York.

Another secret project uncovered at the time was Rhoodie's fantasy plan to bring hundreds of world-famous authors to South Africa for a spectacular R500 000 book fair that would spin off valuable public relations for the country.

While most of these ventures had involved the loss of many millions of South African taxpayers' money, the Morgan-Grampian, and then Hortors, deals had brought in a considerable amount. It was estimated that Pegg and Abramson had become millionaires through them. Both Abramson, who had consistently lied to Pressmen when confronted with questions about Hortors'

links with the Department of Information, and Pegg left South Africa suddenly for Britain in December 1978—at much the same time that Rhoodie left the country.

This gave rise to a good deal of speculation that Rhoodie was hiding in Britain, possibly under Abramson's wing. The speculation was based on the premise that Rhoodie had gone to 'collect' from Abramson.

The British Government was quick to deny that the exiled former Secretary for Information was in England. The Johannesburg *Financial Mail* reported that Rhoodie might have access to R2-million in Swiss banks, saying the money was transferred into the Swiss accounts by Pegg and Abramson; this was said to be part of the South African Government's share of the Morgan-Grampian deal.

And in South Africa, Reserve Bank inspectors and police forced their way into the office of Abramson and Pegg and took possession of files and documents which had apparently been hidden. Shortly after this, Pegg had left South Africa in the Hortors' Jetstar, leaving behind his luxury mansion in Johannesburg. But Pegg did not suffer any deprivation—he moved into a house which had originally been financed out of South African secret funds, in fashionable Chelsea in London, only a few doors from the then leader of the Opposition, Mrs Margaret Thatcher.

Abramson had taken a house in the country, and staffers from the *Mail's* London bureau watched both this house and the one in Chelsea in the hope of tracing Rhoodie, at the same time chief of the *Mail's* Pretoria bureau, Bernardi Wessels swore he saw Rhoodie travelling in a car on Pretoria's outskirts. 'If it was not him, it was his double', wrote the journalist—a report which gave rise to speculation that Rhoodie had slipped back into South Africa, unnoticed by the hordes of policemen searching for him. Another report said Katie was preparing to meet him at a holiday cottage on the Cape coast. Yet another report stated that Rhoodie had agreed to return to South Africa if he was not detained while accusations against him were being investigated. This report stated that State officials were confident that Rhoodie would keep his part of the bargain and was expected back for the Christmas weekend of 1978.

In South Africa, the Government took further action against Rhoodie, by seizing his wife's passport, as she was preparing to leave the country. It was claimed that she was going to join her husband in Santiago, Chile, with the help of contacts in the United States. *Mail* staff reporter Brian O'Flaherty, who had joined the investigation team, wrote that Rhoodie's 15-year-old son, Eschel junior, had left the country a few days before his mother's passport was withdrawn, followed by reports that he had gone to meet his father in Israel—a country in which he had friends in high and wealthy places. O'Flaherty was told that Rhoodie might have three passports—one South African, one South American and one from an African state. O'Flaherty, who had been keeping a round-the-clock watch on the Rhoodie home, bumped into Security

policemen doing the same thing. And all of them were bumping into hordes of sightseers, who packed the road outside the Rhoodies' home at weekends trying to get a glimpse of the elusive Katie Rhoodie, and her 19-year-old student daughter, Annemarie.

Other newspaper reports made it clear that Rhoodie had a great deal of sensitive knowledge which he could use to winkle favours out of all sorts of people while on the run from his government. Anthony Sampson, for instance, stated in an outstanding series of articles in the *Observer* on Muldergate in early 1979, that Rhoodie and Mulder—working with van den Bergh—had linked secret journeys to military business, whether in Israel, Zaire or the Ivory Coast. He said that Mulder, at his peak, had forged links with German industry and politicians which had led to nuclear exchanges. Sampson said it was well known among international arms dealers that major transactions with Pretoria required kickbacks—becoming a huge source of 'Afrikaner corruption'.

Rhodie was known, too, to have many contacts in the oil business—something which was of incalculable value to oil-less South Africa. Like arms dealing, the oil business is filled with people who flit in and out of countries, people who change their identities, nationalities and allegiances overnight. This was a world Rhodie knew; it was a world in which he was adept; it was a world he disappeared into like a chameleon after the South Africans withdrew his passport.

On 14 January 1979, six weeks after Rhodie had left South Africa, the Afrikaans Nationalist Sunday newspaper *Rapport* reported that he had fled to Brazil. . . . It said he had been traced to a house in the city of Sao Paulo and that South African officials had discovered that Rhodie had apparently gone to Brazil on 23 December under a false name. An official had been sent to the Sao Paulo house to take away Rhodie's passport and to issue emergency travel documents to him. But when the official arrived, a woman who answered the door said Rhodie was not there. According to the report, the South African Government had started negotiations with Brazilian authorities to obtain a search warrant for the house.

The Afrikaans Nationalist morning newspaper, *Beeld*, stated the next day that Rhodie had vanished from the hideout when he learnt that South African diplomats were on his trail. *Beeld* said that Rhodie had gone first to Switzerland where he had stayed for some time and had then moved to Cannes on the French Riviera. He had moved again after South African newspaper reports said he was in the French city. From there, the report said, he had moved to Sao Paulo.

Minister of Foreign Affairs Pik Botha confirmed that the South African Government believed Rhodie to be in Brazil, and stated that 'extradition is not an easy matter, but rather complicated'.

The following day, the Brazilian Government denied in a statement to the *Mail* that Rhodie had been there. *Beeld* carried a photograph of the luxury house where Rhodie was supposed to be staying with a beautiful woman.

Then the Brazilians announced there was a full-scale search on for him, but they still believed he was not in their country. There were also reports that he had entered Brazil as an honorary consul for another South American state, Ecuador. Ecuador stated it had never issued Rhodie with a passport nor had it ever appointed him as an honorary consul. The Brazilian police said they had handed the matter over to Interpol. The 'beautiful woman' turned out to be a Mrs Branca Jakobi, who voluntarily went to the police to deny all knowledge of Rhodie. She said her husband Rudolph was also known as 'Rudi' and that her family had been linked with the Rhodie affair mainly because the names sounded familiar.

Many South African newspapermen tried to get to Brazil to try and trace Rhodie. One of them made it—only to phone Katie Rhodie back in South Africa saying, 'I've come all this way and I can't find Eschel. Please tell me where he is.' The *Mail* at this time also tried to interview Mrs Rhodie, but the only response was: 'I'll never talk to that bloody rag'.

Throughout all this, Rees was desperately servicing his contacts, trying to get a lead on Rhodie. Myrtle kept telling him: 'Rhodie's in Europe, he's not in Brazil'.

'But where, for heaven's sake, where?'

'I don't know, Mervyn, I really don't know.'

And then suddenly, in the middle of all the reports of the Brazilian hideout, Rees got a telephone call from Ted Olsen, a reporter on the *Cape Times*, a member of the SAAN stable of newspapers. Olsen said he had made contact with somebody whom he and Rees had interviewed months ago on Muldergate and who said he could put them in touch with Rhodie. 'Why's that?', Rees asked. 'Because he feels that Rhodie is getting a raw deal.' Rees and Olsen then contacted the Third Man, and arranged a meeting which set off the chain of events that would lead to the finding of Eschel Rhodie.

'I don't know where he is, but I have a system for leaving messages ...'

Mervyn Rees and Ted Olsen had first met the Third Man several weeks before that critical meeting in mid-January 1979; he was somebody who had got close to Rhodie, and was among the former Secretary for Information's friends who believed that he had been made a scapegoat, that he had got a raw deal from the politicians, the Press and the public. But for this very reason, he was under close surveillance by BOSS and the police. He said he believed he was being followed, that his phone was tapped.

A meeting was set up in a dingy café in downtown Johannesburg. The Third Man was nervous, his eyes flickering, his fingers drumming the table. 'I'm in the dwang if this ever comes out', he said. 'We must be very careful.'

Rees and Olsen calmed him down, assuring him that he would be protected, that nothing impulsive would be done that could rebound on him.

'Do you know where Rhodie is?', asked Rees.

'I don't know where he is, but I have a system for leaving messages for him. I phone a certain number in Europe, leave my message, and he calls me back or gets a message relayed to me.'

'But everybody says he's in Brazil', said Olsen.

'I don't know where he is, I've told you. He could be anywhere. He doesn't trust anybody with that kind of information. He won't even tell Katie in case they come down hard on her. What you don't know, he told me, you can't tell.'

His nervousness returned and he said: 'Jeez, I could do with a drink.' The three of them moved off to a nearby bar, and Rees ordered drinks all round.

Rees said: 'I think from now on, we won't use his name, even in conversation among ourselves. Let's call him Mike.'

The Third Man fingered his tie knot, looked round the bar, took another gulp and said: 'That's fine. That's OK.'

Olsen: 'Are you prepared to act on our behalf and speak to Mike?'

'Yes, I think it's time he defended himself. And I trust you guys.'

Rees: 'Do you think he'd agree?'

'I've no idea, all I can do is suggest it. It will then be over to you and him.'

A meeting between Sparks, Olsen's editor, Anthony Heard (who had been writing stirring leaders on Muldergate), Rees and Day, followed the talk with the Third Man. It was agreed that the best way to go about finding 'Mike' was for Rees and Olsen to go to Europe with the Third Man; he would make

his call, put his suggestion, and then let the journalists take over. All the Morning Group Editors were called for an emergency meeting and they, together with SAAN's managing director, Clive Kinsley, and general manager Raymond Louw, gave the go-ahead for Operation Mike.

The excitement was electric as the three planned their trip. They would fly from Johannesburg to Frankfurt where the Third Man would phone a number in France and ask to speak to Rhodie; if he came on the line, the Third Man would ask for a meeting and would put his proposition. If he was successful, Rees and Olsen could step in immediately and begin the interview.

As they boarded their flight to Frankfurt, the reports of Rhodie being in Brazil continued. Like Rees, the Third Man believed that Rhodie was in Europe, not South America. But they were taking no chances: all three had 'open' air tickets which would give them flexibility to move to most places at quick notice. On the flight to Europe, Rees briefed the Third Man carefully.

'You must tell Mike that we are the people to handle this, that we have been working on this project for a very long time, that he needs to defend himself, to set the record straight. Tell him we know the issues and that he can set all the conditions.'

But in their state of euphoria, Rees and Olsen had forgotten one thing: they were moving out of the height of the South African summer, into the middle of a bitter European winter. As Rees stepped off the plane into a biting wind, driving snow and thick fog, he realised things were not going to happen the way they wanted it, had planned it back in sunny South Africa.

The Third Man was to make his initial call from a public booth in the Frankfurt airport. His Johannesburg nervousness had disappeared, being replaced by the look of a child in a candy store as he wandered through the terminal, his censored South African eyes taking in the sex shops, the nudie magazines. It turned out, too, that he loved chocolate. With Rees trying to edge him towards a bank of call phones, the Third Man began buying a large assortment of exotic German sweetmeats.

'Don't rush this', Rees kept saying to himself. 'Take it easy. Don't push this chap around.'

He couldn't help thinking though of the people back home, like Clive Kinsley and Raymond Louw, and all those Morning Group Editors, who had forked out all that money for this trip in the hope of getting their greatest scoop—while their pride and joy, their great white hope, was vacillating between a slab of nougat bulging with glazed fruit and a selection of whips, rubber suits and vaginal vibrators.

'Let me buy that for you', Rees said, pointing to the nougat, 'and then I think we should make our call.'

A sticky finger dialled the Cannes number, and Rees held his breath as the purring ringing tone stopped and the Third Man said: 'I want to leave a message for ...' (and he gave his code for Rhodie).

There was a pause as somebody spoke on the other end, and then the

Third Man said: 'I want to talk to him, or see him. I'm at Frankfurt airport'.

Again, the pause as he listened, a silver of nougat sticking to his chin.

Then: 'Right, I'll leave straight away.'

He told Rees and Olsen: 'The man on the phone says I should go to Zurich and phone him again from there. Then he will ask Mike to call me.'

'Now?', Rees asked, 'do they want you to go now?'

'Yes, right away. In fact, I have to phone this number from Zurich tonight.'

But by this time, Frankfurt airport was snowed and fogged in. They dashed to the station, caught a train and arrived in Zurich twenty minutes before the scheduled time for the call. They booked into the Hotel Glockenhof and the Third Man called the number in France again. The same person answered the phone and took the Third Man's hotel number. 'Wait', the man said, 'he'll call you, but I don't know when.'

Three hours later the phone rang, the Third Man picked it up, listened, turned to Rees and Olsen and . . . nodded, pointing histrionically at the receiver. For the first few minutes, he spoke about mutual-interest matters and then said: 'You're getting a terrible Press back home. Everybody, but everybody is having a full go at you. When are you going to defend yourself?'

He nodded as he listened for a while and then: 'Well, I think that's right, I think you have to say something. You can't just sit back.'

More listening, more nodding. 'There is a chap I know who is totally reliable, somebody who can do it properly. Can I meet you and talk this thing out?'

The nodding stopped, the hand tightened on the handle. 'I see. Well, I'm here in Europe and you know, why can't we meet right away?'

The Third Man's head began to shake slowly. 'Fine, that's fine then. I'll call you back then and we can set something up. Right, in the meantime I'll get hold of this Press chap I know, Mervyn Rees is his name, he's from the *Rand Daily Mail*, and outline the thing broadly and then I'll get hold of you again at that time.'

The phone went down and the Third Man turned to Rees and said: 'He says he thinks the time has come for him to defend himself. But he says nothing can be done for at least three weeks. He says something about trying to fix up residence permits . . . he says he has a choice of about three countries . . . he won't say where he is, or where he's going . . . he says I can tell you he's considering the matter and that I must contact him again in three weeks.'

Rees, Olsen and the Third Man packed their bags and flew back to Johannesburg. They'd been gone three days, they'd flown thousands of kilometres and spent about R3 000 in travel cost alone—to make two phone calls. And they still didn't know where Rhodie was hiding.

19

THE CROWN PRINCE DEPARTS

'He nearly made it . . .'

As Mervyn Rees flew back to Johannesburg, the Morning Group editors flew in from Durban, Cape Town, Port Elizabeth and East London to hear his de-briefing.

Although it was an expensive way of doing it, the exercise was valuable; the Third Man had lived up to his word; Rhodie had decided in principle to talk; he had Rees's name as a possible teller of his story—and he hadn't balked at the idea of talking to the man who had been a major instrument in his downfall; contact had been made with South Africa's most wanted man after six weeks of silence; and indeed the impossible now seemed possible: getting to talk to the man who knew more about Muldergate than anybody else.

Against all this was the fear that Rhodie—ever tricky, ever elusive—would change his mind about talking to a newspaper; would change his mind about talking to the *Mail*, to Rees. And most important, he could get caught and shipped back home before Rees could get anywhere near him.

Rhodie had also expressed doubts that what he had to say could be published in South Africa, because it might prejudice, influence or anticipate the work of the Erasmus Commission; it could conflict with commission regulations. He had told the Third Man that he thought that the only possible way to effect publication was to give his story to the international Press, and in that way it would filter into South Africa. So there also existed the danger that Rhodie would talk to somebody overseas.

Careful questioning of the Third Man showed that Rhodie had not left any clues about his whereabouts. All he had said was that he was going to 'be away' for about three weeks while he tried to negotiate residence permits in one of three countries. When the Third Man told him that most of the world's Press had him in Brazil, Rhodie chuckled and asked for a photograph to be sent to him via a box number in Switzerland, of the 'beautiful woman' he was supposed to have been staying with in Sao Paulo.

The three-hour delay in the call back to the Third Man at his Zurich hotel meant nothing—Rhodie could have been calling from anywhere.

One over-riding impression had come through, and that was Rhodie's bitterness. He seemed, the Third Man said, angry and hurt at the treatment meted out to him and his family. He was most bitter about the 'harassment of Katie' and saw the withdrawal of their passports as an 'act of legal violence'.

The other major point, of course, was that talk about obtaining a residence permit confirmed that Rhodie had decided not to come back to South Africa. In the final analysis, there was nothing that could be done . . . but wait.

In South Africa during January 1979 controversy still raged over Rhodie's former 'partners'—Mulder and van den Bergh. Mulder was refusing to accept mounting pressure within the National Party to resign his parliamentary seat, until finally on 24 January he said he would leave Parliament because his Prime Minister had insisted. Prime Minister Botha said: 'I have given my view on why he should resign from the Cabinet and the same reason applies for his resignation from Parliament.'

The Crown Prince had gone. A brief six years before he had achieved a great triumph, when he was overwhelmingly elected Transvaal leader of the National Party. With the Transvaal contributing nearly half of the Party's MPs, the Transvaal leader had been virtually assured of election as the next premier. And despite the growing Department of Information scandal, he nearly made it—missing by only six votes on the first ballot.

Born 53 years before in Warmbaths, Transvaal, into what was then a typically large Afrikaner family, Connie Mulder was the youngest of 10 children. He went to school at Potchefstroom and Krugersdorp before obtaining his BA from the University of Potchefstroom in 1944. After taking a teacher's diploma he taught at various schools on the West Rand, while studying in his spare time at the University of the Witwatersrand—where he was awarded a doctorate on the influence of the Bible on character formation of the Afrikaner people.

At the time of Mulder's resignation, General van den Bergh was also constantly in the headlines. Newspapers reported that a portion of his evidence to the Erasmus Commission had been deleted—something which once again gave rise to speculation that BOSS had a 'hit' squad which was used to 'eliminate' South Africa's enemies. Careful examination of the Erasmus report showed this: Paragraph 11.437 said of van den Bergh 'He was in charge of a formidable network of agents whose qualities he described in sinister terms (see paragraph 11.386)'. This paragraph, however, contained no reference to BOSS agents. It referred to Loot Reynders and went on: 'General van den Bergh told the Commission arrogantly that if he wanted to do something nobody would stop him and that he would stop at nothing.' Then followed a blank space which suggested a last-minute excision.

Mr Justice Erasmus would neither confirm nor deny that there had been a deletion.

As parliamentarians gathered in Cape Town in early February 1979 to begin a parliamentary session which was again to be dominated by bitter debates over Muldergate, the Third Man reported that Rhodie was 'back in circulation'. And he had made contact again.

Since the reports of his being in Brazil, South Africa's most elusive man had disappeared again. The authorities told an increasingly derisive public that they were trying their best to trace him and bring him back to face the music.

The Third Man met with Rees and Olsen and told them that Rhodie had agreed to a meeting with himself and Rees. Rees should fly to Europe with the Third Man, and they would be told where to go from there. It could be South America, Israel, Europe or the United States, Rhodie had said. He wanted watertight security and would set a series of conditions under which this preliminary meeting would be held. He didn't want Rees and/or the Third Man followed. They would not know until the very last moment where the meeting would take place. And then they would not be allowed interviews, under no circumstances could Rees take pictures; he was to understand that Rhodie had not finally taken the decision to talk.

Then followed a meeting with Sparks, Heard and Day. It was decided that the Third Man, Rees and Olsen would go to Europe—Olsen to go because he had an American passport and if necessary could get into countries that barred South Africans. Once contact had been made and a definite meeting place established, Chris Day would join them. The Third Man would then leave—with Rees and Day talking to Rhodie, and Olsen on standby with his US passport.

The three of them were issued with round-the-world airline tickets, and the second phase of Operation Mike began. Strict silence would be maintained until after contact had been made or until it was clear that no meeting would take place. The only call would be from Rees in Europe to Day in Johannesburg.

In early February 1979 Rees, Olsen and the Third Man set off again on the Frankfurt run. This was Rees's third overseas trip in two months on Muldergate.

On arrival in Germany, Rees found that the Third Man's penchant for Frankfurt airport's exotic duty-free shops had not waned. Rees now had a great deal more sympathy because the Third Man had been under extreme pressure—Rees and Day had put him into hiding under Olsen's care for days before the flight, and he knew as much as anybody the need for secrecy.

The Third Man made his call to Cannes, gave his code. This time he was told to go to Amsterdam where he would be told by Rhodie where to go. Rees called Day in South Africa and told him to head for Amsterdam via Zurich. Rees, Olsen and the Third Man flew to Amsterdam, where another call was made to Cannes. The Third Man left his number, and Rhodie called back. 'Go to Miami, Florida', he said. 'Book into a hotel near the airport, phone the number through to Cannes and I'll call.'

'I'll then tell you when to meet me in the transit area of the Miami airport. You and Rees will have to go into transit and I want to see you both leave on an aircraft after I see you.'

The Third Man said Rees would be bringing a colleague with him. 'Then I want to see you all leave after the meeting. No photographs, no interview, nothing can be written about the meeting. Do they understand that?'

'They understand that.'

The phone clicked off.

As Day got off the flight at Amsterdam's Schiphol Airport (having travelled through the night from Johannesburg via Zurich) Rees was waiting for him.

'We're going to Miami', he said, 'it looks as though the first meeting could be on.'

Day: 'When do we go?'

'Now, we're leaving in two hours on a flight to Chicago, then we'll transfer to Miami. That's the quickest way today.'

They booked on the KLM flight separately, and made the transatlantic flight through the night. When they got to Chicago's O'Hare airport, it was snowing and flights were queueing on the runway. Several hours later, they flew from O'Hare to Miami International Airport. As Day got into a cab it struck him that since leaving Johannesburg he had been through Zaire, Zurich, Amsterdam, Chicago and Miami—and this was the first time he'd been out of an airport. He hadn't slept since leaving.

They discovered that all the hotels near Miami's international airport were full, so they booked into the Fontainebleau on Miami Beach. For Rees, the memories of all that tramping around looking for the Miami house only six weeks ago came flooding back. He gained considerable satisfaction, though, in looking out of his window at the flea-bag hotel he had stayed at on the last trip.

The Third Man, an American Club sandwich in one hand, a Schlitz beer next to him, phoned his number, name and room number to Cannes. And then they waited. Day and Rees worked out a strategy for the meeting. They agreed that it was imperative that nothing should be done to upset Rhodie. Trust would have to be the key factor in all dealings with him. That meant no sneaked pictures. Olsen would be kept in the background until needed. It was going to be necessary to know exactly how Miami International worked—where the transit area was, what planes were coming in from Europe and South America.

What passport would Rhodie be travelling on? Would he in fact be coming? Would he risk coming into a sophisticated, security-ridden airport like Miami International which is the gateway for expatriate Cubans, and also the gateway for the mammoth cocaine traffic into America from South America? Did this choice of venue mean Rhodie was coming in from South America? Would he be going back there?

Day said: 'We must persuade him that we should stay with him after this first meeting. We can't just let him go off again.'

Rees: 'But what about the condition that he has to see us board a plane?'

'Let's make bookings, and cancel or change if we can talk him into us staying with him.'

They also decided that they would suggest to Rhodie that they move off to a remote spot somewhere, so that they could have privacy and thereby reduce the possibility of being picked up by chance by other journalists. Olsen began phoning the Miami embassies of various South American countries, listing those that would accept South African passports, and which had some kind

of a tourist industry to give them cover. Olsen also went down to the airport to survey the lie of the land, and phoned back to the Fontainebleau with startling news.

Miami International Airport had no transit area.

Every passenger had to pass through customs and immigration—even those who were simply changing planes. The transit area meeting would have had obvious benefits for Rhodie under normal conditions—he needed no visas, he needed to go through no controls. He could have flown in on one flight, stayed in the transit area and flown out on another flight without technically having been in the United States. It was a tactic which the journalists thought typical of him—simple, clever and quite in line with his knowledge of airports, and how to slip in and out of them.

Why then did he not know that Miami had no transit area? Was this a ruse to put them off? Was he going to phone and merely arrange another meeting?

The Third Man was told to phone Cannes again. The contact man was told that something had gone wrong at Miami. Could he please get Rhodie to phone urgently. 'I've already given him the message, your phone number in Miami', he was told. The contact said he would try and get hold of Rhodie again, and would phone back. The tension in the hotel room was enormous as they waited for the call. When it came, it brought little cheer. 'No', the Cannes contact man said, 'his housekeeper tells me he's gone away for a few days. He must be on his way to you.'

Olsen and Day went back to the airport to watch the area where passengers from South American flights emerged. Rees and the Third Man waited in the hotel for Rhodie's call.

The hours ticked away. Olsen and Day began to see mirages as hundreds of South American faces swept past them. So many looked like Rhodie, dark-skinned, dark hair, side-burns. And then Day's name was called on the public address. 'Please go to the Braniff inquiries counter, Mr Day.' When he got there, a Braniff Airlines passenger-service girl handed him the phone. It was Rees: 'He's just phoned, Chris. He's in the airport. Stay where you are, I'll see you there.'

Rees arrived soon afterwards: 'He's having a short chat to the Third Man, then he'll see us. He says he didn't realise that there are no transit facilities here.'

Olsen was told to keep out of sight, and Day and Rees went towards the refreshment area near the Braniff counter. It was nearly midnight.

'I'm really putting myself in your hands ...'

For Rees and Day, the meeting with Rhodie in the strangely deserted Miami Airport that night was a milestone in the Muldergate probe. Within minutes of their meeting with the architect of South Africa's secret propaganda war, they knew they were in a unique position. Not only were they sitting on the scoop of the decade in terms of South African journalism, they were also within striking distance of obtaining answers to the hundreds of questions that had arisen out of the scandal.

Rhodie could tell them about the secrets of the former 'G' section if he chose to do so. And what of the roles of other prominent members of the Government and civil service?

Rees and Day, exhausted after the tension of the chase and the long flights, could not help thinking how ironic it all was. Here was Rhodie, the man who had tried to close their newspaper down by establishing the *Citizen*, actually considering whether or not to tell his story to the *Rand Daily Mail*. It was strange, too, that he should even consider talking to the men who had contributed to his downfall and disgrace.

They knew that they would have to handle Rhodie with kid gloves. They would quickly have to gain his confidence and establish a relationship of trust. They would also have to guard against the sudden appearance of other pressmen.

Both men breathed a sigh of relief when Rhodie suddenly said: 'OK, we'll talk' ...

Most of the terminal looked empty, except for Rhodie's transit guard and a scattering of passengers trying to sleep on the deep, plastic chairs.

Rhodie shook his head, saying: 'You know, I can't for the life of me think why I had forgotten that Miami airport doesn't have a transit section', his heavily accented South African voice rolling the r's.

Day said: 'It must be unusual for you to make a mistake like that. How did you get through immigration without them grabbing you?'

The dark lean face, deep-etched lines down the cheeks, turned to the journalist: 'Oh, I make mistakes. But you know not every immigration officer checks every passport against his list.'

Rees: 'Are you travelling on your South African passport?'

Rhodie held up his hand in a halt gesture, 'Now wait a minute. Let's not

have any of those kind of questions. There are still quite a few ground rules we have to get clear.'

He went on to reaffirm that this meeting would not be reported, that no pictures would be taken; and then he outlined his position: he said he wanted to put his side of events, but his main consideration was the safety and future of his wife, Katie.

The voice hardened, the lips thinned. 'I cannot tell you how angry I am at the way that the Botha government is treating her. How can they take her passport away? It's nothing but legal violence. How can they split a family like this? Do you know that they sent police round to her, questioning her for hours.'

'Now I want to make one thing quite clear: nothing, and I mean nothing, must be done that will jeopardise her position. At the moment I'm told that she is negotiating with the Government about her assets and I don't want those negotiations to be hampered. There is a reasonable chance that she will get her passport back, therefore I am not going to do or say anything until her position is clear.'

He went on to say that the Government had frozen his assets in South Africa, and it looked as though they were going to take his pension away as well.

'You know, I worked my guts out 18 hours a day all my adult life for my country and what do I get? They take away everything I have.'

He said that while he was determined to put his side of things, he wanted to be paid for doing so. 'This is the only way I can get my pension back. This is all I have left. This will be my pension.'

Day and Rees told him that they could meet his conditions, except it was their newspaper's policy not to pay for material on Muldergate and they could not promise payment.

They said they would very much like to publish his story in South Africa, but that they would have no objections if he negotiated with the overseas media—on the basis that there would be simultaneous publication.

'But what', he said, 'will you be able to publish in South Africa? The whole matter is sub judice because of the Erasmus Commission.'

Day said: 'Dr Rhodie, I think you should leave that up to us. I think that our track record shows that we have the courage to print what people say if it means getting to the whole truth. We are prepared to give you that opportunity, and you must let us worry about the law.'

Rees quipped: 'You must know, Dr Rhodie, that the *Mail* has the courage of its previous convictions.'

Rhodie laughed out loud, his first uninhibited action of the night.

Day said: 'What I suggest we do is this: the three of us should go to a quiet out-of-the-way place of your choice where we could spend a few days getting the story down without interruptions. We give our word that we will not publish anything you say until you say so. Events are moving at such a pace in South Africa, and communications are so difficult because of the political climate, that it is essential that we get everything down so that we can publish

at a moment's notice. And while we're getting it all down, your wife's position will probably stabilise.'

Rees: 'We've made a list of South American countries where it appears that South Africans will have no trouble gaining entry. We don't think Europe is a great idea at this stage, because there are so many journalists looking for you that anything could happen there.'

Rees named Argentine, Peru, Ecuador.

Rhodie said: 'Peru is not a good place right now, there are civil disturbances in Lima. The situation there is too jumpy. But Ecuador, I think, is the right place. I've got good friends there, and in any case I have some business to attend to there.'

Day: 'What are communications like there, phones and so on?'

Rhodie: 'Very good, there are not many delays—they route the calls through Japan. What you have to watch though is the South African exchange in Cape Town. They'll monitor calls.'

Day: 'Should we do that then? Should we go to Ecuador for a few days and get it all down pending your release for publication?'

Rhodie looked from Day to Rees, then glanced down at his briefcase, then said: 'Hell, I'm really putting myself in your hands'.

Day: 'We have to trust each other, it's really a question of enlightened self-interest.'

Rhodie suddenly made up his mind. 'Right', he said, 'let's go to Ecuador.'

While Rhodie and Rees went to make the flight bookings to Ecuador, Day went off to find Olsen. He outlined the position to him saying that he should travel back to Europe with the Third Man, but should let him go on to Johannesburg alone. Olsen would stay in Europe in case Katie Rhodie turned up there suddenly, and Day would relay messages to him from Ecuador via Sparks.

The farewell with the Third Man was a warm one—Rees and Day overjoyed that the great white hope had finally delivered the big scoop.

The Miami Airport drama, however, was far from over.

The Braniff flight to Ecuador via Panama was due to leave in a few hours and Rhodie, Rees and Day had had little sleep over the past few days. So they decided to book a room in the hotel inside the airport building and get a few hours' sleep. Rhodie asked to make a phone call, and the journalists left the room. When they returned, he was stretched out on the bed—asleep. They were to see him do that often, he could sleep quickly, anywhere, on anything. He said he'd learnt the knack during the hundreds of thousands of kilometres he'd flown during his career. Day lay down on the bed next to him, but Rees went out to buy cigarettes.

As he reached the foyer, he heard the public address system blaring: 'Calling Eschel Rhodie, calling Eschel Rhodie. Please report to immigration immediately.'

Rees nearly fainted. Here they had South Africa's most wanted man all to

themselves asleep in their hotel room, and his name was being paged in one of the world's busiest airports.

He saw several immigration and airport security men dashing around saying, 'where is that guy?' Rees recognised Rhodie's guard. 'What's up', he said. 'What's the panic?'

The guard said excitedly: 'Your friend. Where's your friend?'

'He's upstairs asleep in the hotel.'

'We thought we'd lost him.'

In the flurry of the talks at the coffee table, and the sudden decision to go to Ecuador, everybody had forgotten that Rhodie was under guard. The authorities thought he had escaped.

Rees calmed the guard down, fetched him a chair, some coffee and a doughnut, and put him outside the hotel room door. When he went inside, both Rhodie and Day were asleep.

At 4 a.m. Miami time, they boarded the Braniff flight and flew to Quito, Ecuador, high in the Andes of South America.

As they went through immigration, Rees saw Rhodie handling the familiar green South African passport. 'Good God', he thought, 'the man's amazing. Here he is floating in and out of the United States with a cancelled passport and he's not given a single indication that he's the least bit worried.' Rees and Day were to find out over the next few weeks that he had come by this extraordinary ability to remain outwardly calm in the most anxious moments simply because during the last few years he had experienced so many crises, so many anxious moments.

Glancing across the aisle, he could see Rhodie's profile: it seemed Aztec, as fitting as the Spanish he had spoken to the air hostess. Rees thought that Rhodie had another quality which went with his nervelessness—he was a chameleon. He blended with his background. In no way did this man look like one of the troopers in the front line fighting for Afrikaaner Nationalism. No, the man asleep across the aisle looked much like those around him. He looked an internationalist, not a nationalist. And Rees remembered that Sparrow also felt that; it was Sparrow who said Rhodie did not act nor look like an Afrikaner. He could have been Italian, Spanish, Greek, anything.

Day had similar feelings, but what struck him was that there was something unnatural in the man's phlegmatic attitude under these circumstances. He had shown no animosity to Rees at all since meeting him for the first time several hours ago. One would have thought that even a flicker of hatred would have emerged on seeing the man who had done as much as anybody to bring about his downfall. In expressing his anger against the injustices he said had been done to him by his country, his prime minister, his people, he showed no signs of passion. It was a cold anger. The only emotion he'd shown, and that was very brief, was when he spoke of the harassment of Katie. There seemed no regret for any of his past actions, he'd offered no words showing that he had any sympathy for Connie Mulder's plight, other than saying almost clinically:

'If they destroy Connie Mulder, I'll destroy them.' He seemed to have changed, adapted with little effort to being an exile, which was not really surprising considering he had spent most of his career time abroad.

There were no signs of the extreme arrogance which had been his hallmark in South Africa; he'd shown none of the impatience he displayed to people who made silly errors; he'd been polite, sometimes self-effacing. (These early assessments of Rhodie were put to his daughter by Rees and Day a long while later, and she could not understand them. She says her father is a sentimentalist, emotionalism being one of his greatest weaknesses.)

Looking up suddenly, Day saw that Rhodie was watching him. The head had not moved, the watching simply meant the lifting of his eyelids. Day felt uncomfortable, and asked: 'What sort of place is Ecuador?'

Rhodie stretched his legs, saying: 'It's a banana republic, just the sort of thing Allister Sparks would say Connie Mulder and I were going to do to South Africa.' The sarcasm hung heavy in the air.

'The Minister of the Interior, or somebody like that, has just murdered the Foreign Minister. It's forced a general election, one of the first for a long time, and the military junta is being hard-pressed to keep the kettle off the boil.

'You must realise one thing, though. South Africa has no diplomatic relations with Ecuador, so keep your head down. You do anything wrong, there's nothing South Africa can do about getting you out. I'm lucky, though, I've got good friends there.'

The threat was implicit: do something I don't like, break that embargo, and I'll get my friends to jump on you. And Pretoria can do nothing about it. Obviously, his belief in the *Mail's* journalist ethics was limited.

Ecuador, he said, was a country of contrasts—there was a wide gap between the poor (the majority) and the rich (the minority). There had been rapid development recently after the discovery of oil.

This could explain his links with military Ecuador—oil and arms. It also fitted in with his publicly stated view that the polecats of the world, the ostracised, like South Africa, Israel, Chile, Nicaragua and so forth should form an alliance to make them strong to take on their critics. Perhaps Ecuador was one such country (there had been that report too in South Africa, denied by Ecuador, that he held honorary consul status).

Turning to Rees and Day, he said: 'How've you enjoyed this jet-setting? It's great fun isn't it? Sitting in aircraft for days, eating plastic food. But that's what I had to do for years, for my country. And then they call me a jet-setter.

'They call me a playboy, too. Do you know that I don't drink—that the only alcohol that has ever passed my lips was a Mickey Finn concoction they gave me when I left the *Vaderland* newspaper as a young journalist. I don't eat rich food, I'm a health nut and eat health foods. Now you tell me, what kind of playboy is that who doesn't like fancy food or alcohol?'

Rees jumped in: 'Yes, but you love expensive cars. You've had a Jaguar, you've had a Daimler, you've had a gold Mercedes Benz 450 SLC which costs

about as much as a middle-class house in South Africa. You own a flat on one of the world's most famous beaches, Clifton. And you have a property next to one of the world's most beautiful seascapes, Plettenberg Bay. You wear expensive clothes, you entertain lavishly, you like beautiful women, you stay in the finest hotels round the world, you fly in private jets with any number of passports in your pocket, you've handled literally millions of rand. If people have that image of you, it's because you've done all these things. But I take your point about the non-joys of jet-setting.'

Rhodie and Rees looked at each other. Obviously, thought Day, this relationship was going to be built on respect, there was going to be no bullshit.

The descent into Quito was breathtaking as the jet flew through a narrow corridor lined with snow-capped dormant volcanoes, and one not so dormant—Cotopaxi. The small, dingy airport was crowded with militia, peasants, businessmen. Rhodie went through immigration first, using a South African passport, saying over his shoulder 'They are with me'. Rees and Day passed through, after getting tourist visas valid for two weeks.

After collecting their luggage (Rhodie said he did not have any with him because it was in Brazil and he would have to send for it), the three walked out of the building. Waiting for Rhodie was a Landrover and Ecuadorian driver who greeted him in Spanish. Rees, who knew a little of the language after spending some time in Madrid while interviewing South Africa's only hijacker, Fred Kamil, gathered that the driver (and presumably the vehicle) were owned by a Señor Klein, and that Rhodie would be staying at his house.

He had told the journalists that he would be 'staying with a friend whom I don't want to identify'. He suggested they book into the Inter-Continental Hotel.

The drive through the streets of Quito showed little evidence of any recent development programme. The poverty in much of the city looked as extreme as anything seen in South Africa's shanty black townships. But as the Landrover moved up to the hotel, it was obvious that Rhodie had been right—this neighbourhood was obviously for the rich.

Promising to meet at the hotel the next morning at 9 a.m., Eschel Rhodie was driven off at great speed looking as much at home, as much in charge in Quito, Ecuador as he did in Menlo Park, Pretoria.

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THE BROWNIE DICTUM

'The seed that grew into South Africa's clandestine masterplan ...'

At 9 a.m. exactly, Rhodie came striding into the foyer of the hotel, wearing the same clothes he had worn in Miami. 'Did you have a good rest?' he asked, 'because we've got a lot of work on our hands.'

Rees and Day took him to Rees's hotel room, and they outlined a proposed schedule for each working day. They would start at 9 a.m., break for 20 minutes for tea at 11, break for lunch between 1 and 2.30 (Rhodie said he needed the extra half-hour because he had a system of fixed time calls to take from South Africa and Europe), work through to 5 p.m., resume again at 8 and end at 10. This daily pattern was stuck to rigidly for several weeks in February 1979. Rhodie gave an impressive performance.

He sat motionless for hours on end, day after day, in the same chair, in the same position—only occasionally getting up to sip at a glass of water. He delivered his story in a monotone, and often it was difficult to relate the dramatic events to the voice, which pitched itself only slightly above a drone. He showed little emotion, even at his most acrid; he had a passion for detail, a passion he could easily fulfill because of his encyclopaedic memory. Rees and Day learnt, though, that when he said 'I can't remember', or 'I have no specific knowledge of that that I can remember', he was evading the issue, or was on weak ground.

He showed hardly any sense of humour (Sparrow had remarked on this), but then he probably saw nothing funny in his predicament. It was difficult to get under his skin: prodding or pricking him elicited an indifferent response. His career and whirlwind achievements pointed to a high-powered, persuasive, extrovert personality—so if his daughter's assessment of his character is accurate, he must have been holding a tight rein on himself; there must have been a great deal of emotion swirling around somewhere inside him.

He had an organised mind, although he said he had no head for figures, and a huge capacity for hard work. His powers of concentration far outweighed the combined efforts of Day and Rees, and they often felt more tired than he looked—even though he was doing most of the work.

That he was an achiever came out at the beginning of their talks with him. Everything he touched had to be first, best, greatest.

He began his life story in this way:

'I was born in Caledon in the Cape Province in 1933. But I have very little

memory of the place. My mother told me that I won the prize as the best baby in the town—I was supposed to have been a very healthy specimen ...'

He was one of seven children—four boys, three girls. The family was poor in the early days, and moved from town to town following Rhodie's father's career in the Prisons' Department.

What sort of man was your father?—'He was a very, very remarkable man. He had an extremely strong character. He was a man of enormous integrity, great intelligence and if it was not for the tragic illness that later overtook him, he would have become at least Commissioner of Prisons.'

What illness was that?—'Multiple sclerosis. Do you know that he was only the second or third person to be diagnosed for this illness in South Africa? He was in a wheelchair for fifteen years before he died. He had been extremely fit and strong and healthy, but in those years in the wheelchair I never heard him utter one bitter word.'

Was he a strict father?—'Oh, yes. I remember a period over about three years when we were young boys that he gave us a hiding every day. We'd been doing normal naughty-boy things, like stealing peaches or corn-on-the-cob.'

What else do you remember about him?—'He was remarkable in another respect. He never got beyond Standard Six at school, but later he was given special permission to write the higher law level in South Africa—and he passed. He was the only prison officer in the country at that time to have achieved this.'

What sort of person was your mother?—'My mother was the opposite to my father. She was extremely feminine, very, very beautiful. I can recall walking down Adderley Street in Cape Town with her, and the wolf whistles followed us down the street. She was a soft, very loving sort of person.'

Were you a poor family?—'Yes, when we were young, we were poor. My mother at that stage had an extremely difficult life. She had to do all the washing and all the cooking for that large family. She seemed somehow to be always in the kitchen, doing something for us.'

What do you remember of that time as a symbol of your poverty?—'We never really envied anybody, because we were a close family. We were good at raising pocket money—we'd dive in the old creeks for iron, because in those war days you could get money for scrap iron.'

What did you see of prison life?—'Nothing much at all. We always lived near prisons. I think my first real contact with a prisoner occurred when we moved into a beautiful house when my father was transferred to Pretoria Central Prison. There I met a young prisoner who worked in our garden. He was a member of the royal family in Kenya. Finally, when I went to work as a journalist I was the first newspaperman to be allowed into Pretoria Central to take pictures and write a series of articles. It was my first scoop.'

[Seven months after this conversation Rhodie was held in the new Pretoria Central Prison—the old one had been demolished shortly before—while awaiting trial in South Africa.]

Was your father's career as a prison officer the reason for your doing a

thesis on criminology?—‘No, it was more my interest in sociology and the law.’

What of your academic career?—‘I suffered as a schoolboy. My brothers were brilliant students and I was more interested in sport and girls. My brothers Deneys and Nic were exceptional, always at the top of the class. Deneys was sent to the University of Cape Town by the Broederbond who specially wanted him to go to an English university. They say he was the best history student that the university has ever had.’

But what drove the Rhoodie brothers?—‘I think we drove each other. There was tremendous rivalry between us. I can remember rushing home from rugby, boxing or athletics to tell Deneys and Nic that I had won. It meant more to me to impress them than anything else.’

[When Rhoodie appeared in the Pretoria Supreme Court for remand a few months after this interview not a single member of the family—besides his daughter, her fiancé and his brother-in-law—was in court.]

You became a provincial rugby player after leaving school?—‘Yes, I played centre and I think that if I had not been sent overseas after joining the Department of Information, I would have played for my country, become a Springbok. But do you know that I started as a lock forward?’

Louis Luyt started as a flyhalf.—‘Really? Do you know that we first met when he played for Free State and I played for Transvaal? That was the last time that Transvaal beat Free State in the Free State.’

What sort of game did you have that day?—‘Oh, I made the break that led to the try which won the match for us.’

When did you leave sport and further your academic career?—‘After I left school. I was determined not to be left behind by my brothers. And I caught up with them. Do you know that we set a record? We were the first brothers to receive our doctorates on the same day at Pretoria University. But I didn’t give up sport, I did both. In fact, I worked during the day, went to university at night and played provincial rugby in between. It was this period that gained me my ability to work hard for long periods. It taught me the importance of time.’

What work did you do?—‘I worked in the Defence Department’s Production Office. I earned 18 pounds sterling a month—I gave £5 to my mother, £5 went towards tuition fees, £5 went on a clothing account, and £3 was pocket money for myself. This was my first experience of secret work—we worked on the armaments potential of South Africa. This led later to my second big scoop in newspapers—that South Africa was producing its own arms.’

Were you a political animal of any sort then?—‘No, I had the usual feelings of patriotism towards my country but nothing more than that. After working for three years on the *Vaderland* newspaper I left for the Department of Information—merely to see the world. A friend of my father’s had given me an album with thousands of pictures and postcards in it, and this made me want to see the world.’

It was shortly after Rhoodie joined the Department of Information in 1956 that he married Katie after a four-year courtship. His first overseas post was in Australia where he worked from 1957 to 1960. He left South Africa as a young, earnest, short-back-and-sides, sports-loving South African who had never been out of the country before, who knew, and cared, little about politics. He was to return a sophisticated citizen of the world, a person capable of managing people, politicians, the news media, institutions, countries, heads of state. And, he says, he learnt most of it from the Americans. And from one man in particular, a former CIA agent with the unlikely name of Brown.

Rhodie said he met Brown (‘I’m quite sure that was not his right surname, we all called him Brownie’) in the early 1960s through an American businessman who held a lot of South African stock. The businessman told Rhodie that he wanted to initiate a campaign to increase American investment in South Africa. He arranged a meeting with Brown, who he said was an expert on the media and ‘related matters’.

Rhodie was ripe for the picking. He was 27, young, ambitious, hard-working, and frustrated. He constantly chafed against the old-boy network of soft-sell diplomacy that South Africa had inherited from the British. His country’s foreign and information services, he felt, should be more aggressive—and not adopt the line of least resistance, not merely react all the time, but act with a capital A. His meeting with Brown was the start of the making (and really the breaking) of Rhodie.

‘Brown said the way to run the campaign was to get more Americans involved in South Africa. The more they got involved, the more they would want to know the facts. At that time most Americans, and many newspaper editors believed that the Afrikaners were Dutch colonialists, that the country had been taken by a series of conquests of the blacks. The ignorance was appalling. I found that I could get the National Association for the Advancement of Coloured People (NAACP) better to understand the complexities of the Afrikaners’ position than the white Americans. The blacks could understand the necessity for creating special organisations to pull the Afrikaner up by his bootstraps after the Boer War when he was crushed by the British.

‘The NAACP understood that, because they had the same problems. The whites couldn’t grasp it. I found that there was a wall of intellectual dishonesty in America which was obscuring the facts from getting through to the public. What had been happening was that the newspapers were only printing the brutal highlights about South Africa. I understood this, I know that newspapers are there to publish the brutal highlights. But what worried me was that they would write at length about South Africa in their editorials, attacking South Africa. My argument was that newspapers should publish background articles explaining the facts, so that readers could assess whether the views expressed in the editorials were valid or not. This was an argument I could not resolve. To cover South Africa and its problems properly one would need to have an entire column to explain the background to one inch of a brutal news highlight.

'I discussed these issues with Brownie and I think this is where the idea was born that we would have to change to a much more radical approach.

'Brownie told me some of the things that the CIA had done in some countries and how they were influencing people through politics and the media. Brownie gave me a book to read called *The Strategy of Subversion*. Then he introduced me to a number of people who today I believe must have been CIA agents. They had names like Brown, Williams, Graham.

'They all had an enormous knowledge of what was happening in the student movements and in the media, particularly in Europe and Latin America. Brownie and his friends told me that it was essential to pick potential leaders early, and get to know them so when they got into a position of influence you had a friend there. It is almost impossible, they said, to get close to somebody once he gets to the top. By then, it's too late.

'They also told me that the best way of handling student movements is not to fight them, but infiltrate them. And with political movements, one must infiltrate them, help finance them and then take them over.

'Brownie was very brutal about the media. He said it was impossible to break through the brutal-highlight syndrome. The only way to influence the media was to own it, or to own some of the senior people in it.'

Brownie's friends, Rhodie said, never invited him to their homes. 'They always came to where I was. I think they were trying to find out what we were doing, or were planning to do.'

Day: 'You don't think they had spotted you as a potential leader and were cultivating you for the day when you got into a position of real influence?'

Rhodie smiled and said: 'I don't think so. Brownie became a real friend.'

Rhodie said that what Brownie and his friends told him, and what he had learnt in the short, but intensive, period he had spent overseas, planted the seed that was to grow into South Africa's massive clandestine master plan to buy its way into the corridors of influence.

'The bit about getting to know leaders early in their careers we adopted very quickly after that. Do you know that we got very close to Carter long before he was even nominated for the Presidency? He even appeared on TV with one of my information officers. We saw him quite often in Georgia and were later to help contribute secretly to his campaign funds through people fronting for us.'

Rees: 'It's a matter of record that relations between South Africa and the United States reached an all-time low during the early stages of the Carter Administration, so does this kind of thing really work?'

Rhodie: 'Oh yes, it works all right. I think Carter would have been far more hostile had he had no contact at all with South Africa or South Africans. I think you have to judge it by that yardstick in this instance.'

Soon after his meeting with Brownie, Rhodie returned to South Africa in 1965 for the first time since leaving in 1957.

How had he changed?

'Well, I had discovered that we in South Africa were not so different from everybody else. And another major change was that all my ideas about race had gone by the board. I had learnt that I could talk intelligently with the NAACP, while a white professor from Boston had no grasp of what I was talking about.

'I'd learnt too that South Africans were hammering each other over matters which nobody in the world cared a damn about—like party political differences. The world doesn't care which party you belong to, they only want to know one thing: are you a member of the dominant white minority, or a member of the black majority? I knew that we had to use terminology which the world understood, that was of worth to them—not us.

'But, you know, while many of these things were beginning to crystallise in my mind, I hadn't yet reached the stage where I was looking at my own Government, my own situation and saying how must we change things in South Africa. I had only really reached the stage then of changing the marketing of South Africa.

'I'd learnt from the United States that you had to have a hard sell—that you were competing against 120 other countries all trying to get Uncle Sam's attention. I'd learnt that if you walk into a senator's office you cannot go in there and start talking about the weather and so on. He's far too busy for that. You have to come straight to the point right away.

'And years later, in 1971, when we were looking for a name for an international "front" magazine I came up with *To the Point*.'

He broke off his story and said: 'Do you know that my son qualifies for United States citizenship because he was born there? He's very keen on becoming a designer of space vehicles. I have very good friends at NASA and they've told me they would see that he received all the training there he would ever need.'

Day: 'Are you going to advise him to take out United States citizenship?'

'Well, you know all this trauma has affected him very badly. At the age of 15 a person is very vulnerable. He's been badly hurt by what people in South Africa have done to me. He's one of the people who have told me not to go back to South Africa. But if I were to give him advice, I would say to him that he should not take the actions of a section of the community in his country and hold it against the whole of the society. I'd tell him to go to America, sure, but to come back and use his knowledge for the good of South Africa.

'I've discussed matters with him, and I've told him that I will never, never forgive these people—people who claim to be people of God—for separating a family like this. But I said this need not affect him, like it has me.'

Rhodie said he had sent his son to a school in England which had many black pupils, because 'I don't want my son to grow up with the racist attitudes I have seen among children in Pretoria'.

(It was a flaw in Rhodie's makeup that he gave no indication that he had realised at first hand that the system of government he had propagated so

enthusiastically had for so long forced thousands of black families to split up because of the migrant labour laws.)

Eschel junior, he said, had been having a hard time at school in South Africa. 'The teachers had been very good to him, but you know children of his age are bloodthirsty creatures and they'd come to him and say: "Your father and Connie have stolen R30-million".'

Rhodie's posting to the United States in 1966 found him increasingly frustrated with the safety-first tactics that South Africa was employing in efforts to improve its image abroad. 'Everybody had made a holy cow of the philosophy that we must not interfere with the domestic affairs of other countries. My view was that they were doing precisely that to us, so why shouldn't we do the same? Why couldn't we point out publicly to the Americans that liberalisation of the race laws had not led to harmony overnight? That there were riots and killings in their streets? That we had the same problems?'

A year later, in 1967, he was posted to Holland—and this was another major move in the shaping of Eschel Rhodie.

'Holland is the most difficult of all posts for a South African information officer abroad. First, the Dutch are very well informed on South Africa. By temperament they are argumentative, and they tend to argue from a point of principle. If it is their principle that you are wrong, then they are not going to listen to your arguments. This taught me that there were far larger sections of the world who knew a great deal about South Africa—and for them you need more finesse, or an indirect approach.

'My four years in Holland taught me that to get your message into the media, you had to use the buck-down approach, not the buck-up. In other words, you had to get to the owners and get them to get your message into their newspapers and magazines.'

(It is interesting to note that Vorster tried this tactic with the owners of the English-language Press in South Africa, presumably on Rhodie's advice, in that he called them in for discussions, telling them that they had to keep their editors in line for the good of the country. It is also interesting that Rhodie persuaded Vorster to introduce a system whereby he would invite South African editors and foreign correspondents to an annual dinner in his home for informal talks. Rhodie told Day and Rees he had persuaded Vorster to introduce this function with the argument: somebody who has been to your home, sat at your table, eaten your food, drunk your wine, is likely to hold back just that little bit more when it comes to criticising you publicly.)

It was during this period of speaking to the owners of newspapers and magazines that he met Hubert Jussen, then a director of one of Holland's biggest political magazines, *Elseviers*. 'I say it without any false modesty, that I was able to influence the editor of *Elseviers* through Jussen.'

It was also the start of a relationship which led to Jussen's involvement in South African secret projects such as the *Citizen* and *To the Point*.

Rhodie said he 'worked his backside off' in Holland, getting to know the political leaders of a country which had about 50 parties in parliament, where everything was done by coalition.

'By getting to know them, I mean getting them to sit down with me and have dinner in my home with Katie. I achieved this because I sat down and learnt everything there was to know about Holland and the Netherlands, far more than they themselves knew. I found that the Dutch like talking about their country. I also learnt a few basics—like being pro-Canadian and pro-British because those two countries were very much involved in the liberation of the Netherlands, and being anti-German and anti-French.'

Rhodie said the Dutch attitude towards South Africa was of prime importance. Most of the world thought that the Afrikaners in South Africa were Dutch, part of the Dutch family—and if the Dutch adopted an attitude towards South Africa, then the rest of the world believed that attitude to be the correct one.

Rhodie developed his relationship with Jussen into a deep friendship. Jussen, he said, had helped the Americans with the rehabilitation of the European Press after the Second World War before settling down again in the Netherlands.

'When I met him during my Holland posting, he was disgruntled about the way in which the leftwing had taken control of the Dutch media. He intimated that he had done just about all he wanted to do in the publishing world, but said he had one ambition left: to run a conservative publication much along the lines of *Time* and *Newsweek*, something that would offset the radicalism which had crept into so much of the world's media.'

Rhodie said he arranged for Jussen to visit South Africa, where he spoke to many political leaders including Vorster. He was most impressed, and he and Rhodie together dreamed up the idea of starting *To the Point*. It was an idea which Vorster accepted, Rhodie said, and the magazine was launched in the early 1970s with some of Jussen's money, and some of South Africa's. Later it would be fully subsidised by State money, and Rhodie was to join the South African edition as deputy editor in 1971 as 'the government's man to watch over editorial policy'.

But before this took place another major event happened to Rhodie in Holland. The new South African Minister of Information visited the country, and Rhodie met Connie Mulder for the first time.

'We got on famously', Rhodie said. 'He impressed me right from the beginning. I had no hesitation in telling him what was wrong with our information efforts, and I outlined to him what I thought we should do about it, the concept of which I had spelt out in my book, *The Paper Curtain*.

In 1972, while Rhodie was a Government front man on *To the Point*, Mulder approached him and asked him to become Secretary for Information. Rhodie told him he would take the job provided he would be allowed to implement a secret propaganda war. Mulder, he said, agreed in principle after

he had outlined how he thought the war should be conducted. This outline was later put to Vorster, at a meeting in the Prime Minister's office in February 1974.

It was now nearly midnight in February 1979 in Quito, Ecuador, and Rhoodie got up from his chair, stretched his arms and said: 'We'll talk about that meeting tomorrow.'

22

DR GOLD'S PROPAGANDA WAR

'No rules applied; the ends justified the means ...'

The now familiar Rhoodie figure arrived promptly the next morning. He was going to talk about the background to the establishment of the secret funds—and the decision to embark on the no-holds-barred propaganda war.

The decision, he said, had been taken at a meeting in Prime Minister John Vorster's office in February 1974—exactly five years ago to the day that he sat recounting his side of events in the journalists' hotel room in Quito. Present at that meeting were Vorster, Mulder, Finance Minister Dr Nico Diederichs, Eschel Rhoodie, Deneys Rhoodie and Les de Villiers.

It is essential to understand that the two people who had to decide (Mulder and Rhoodie had already agreed in principle to the plan) were receptive to the concept of launching a secret war, with secret funds, using any means—if it was in the 'national interest'.

First, there was Vorster. Many of his critics say he has never lost the pro-Nazi beliefs and sympathies which led to his internment (along with van den Bergh) in a concentration camp during the Second World War. His actions as Minister of Justice in the 1960s, it is said, bore out this criticism because the detention-without-trial legislation he piloted through Parliament was hardly an indication of his respect for the rule of law; many legal men say that he had little regard for the courts—if they stood in the way of what he believed was in the national interest. In this cause no rules applied: the ends justified the means. If it was necessary to fool the world, and the South African taxpayer, by bribing politicians, secretly owning newspapers, allowing a Cabinet Minister to lie to Parliament—then so be it.

The other person to whom Rhoodie had to sell his master plan was Diederichs. And here again was a willing customer. Beneath the benign exterior of this economist and philosopher, lay a man who as a young politician had flirted with national socialism and who believed that most means would be justified when it came to furthering the aims of Afrikaner Nationalism. He was generally considered to be one of the fathers of the Broederbond. He was also a founder member of the Reddingsdaadbond, which was established to help the Afrikaner nation to rise economically and politically. Both were secret organisations, and both were responsible for getting many thousands of Afrikaners into influential positions in all sectors of South African life. Known throughout the international business world as 'Dr Gold', it was claimed that Diederichs used South Africa's vast gold reserves to persuade the Union Bank

of Switzerland to help front for Rhodie, and to help 'launder' money for such projects as the *Citizen* and the *Washington Star*.

Diederichs, who died in 1978 while State President, was named at a public meeting organised by the far rightwing Herstigte Nasionale Party (HNP), as having placed many millions in a secret Swiss bank account to be used to establish a South African government-in-exile, probably in South America, if the Government were deposed by revolution. (The HNP was formed as a splinter from the National Party which it believed had become too liberal and was selling out the whites in Southern Africa.)

Rhodie began his account: 'I started by outlining the precarious state of affairs in South Africa: the continuing isolation, the fact that our major problems were no longer so much the Soviet Union, or the activities of the Communist groups or even the anti-apartheid groups, but the democracies of the West. Their politicians, their newspapers, their business communities.

'If South Africa, I said, were to prevent a situation whereby it found itself in complete isolation and whereby its voice would be silenced, then drastic measures would have to be taken.'

Rhodie said he then sharply criticised his predecessors' attempts at trying to improve South Africa's image.

'I told Vorster and Diederichs in no uncertain terms that the Department of Information was nothing more than a super post office which produced brochures and publications; which made films that had such a soft sell that even the South African Tourist Corporation had found it difficult to market them. The kind of crap that was being churned out included films on the flowers of South Africa and the freedom of an eagle in the Drakensberg mountains.

'I told them that we would not continue a major operational effort in the Department, directed towards the general public and based on the old concepts.'

Rhodie's face hardened, and he looked more like Gaddafi than ever. 'I told them bluntly: we would deviate radically from this and would go after the opinion formers and decision takers in the Western world—by any means possible.'

He sat back, sipping at a glass of water as another garish Ecuador Airline passenger jet came swooping past the hotel window. Although dressed in an open-necked sports shirt and a pair of white slacks, his body was stiff and formal. He was back in Vorster's office that February day in 1974.

'I looked across at Diederichs and said, do you know that there is a strong movement in the United States towards business disengagement and that is something that is going to hurt South Africa deeply?

'I switched to Vorster: there is a new philosophy in the world which originated in Holland—that the political system in South Africa is based on structural violence. This argument enables other organisations to support groups and people who are bent on using violence as a solution to the problems of South Africa.

'I told him—and I think this is the crux of the matter—that if South Africa were to make headway in the world, and to break out of its isolation in order to establish channels of communication, then two things would have to happen: first, we would have to look very carefully at those laws, regulations, practices and customs in South Africa which affronted the dignity of the black man—and which had nothing at all to do with the overall objectives of separate political freedom, or the establishment of independent homelands for blacks, or those things that deeply affronted the friends of South Africa abroad.'

Rhodie's one hand clenched, smacking into the palm of the other: 'I made a major issue out of this, because racism had become the greatest social, political evil of the world. And we were vulnerable—because many laws and regulations, and many customs and traditions were, frankly, based on colour.

'I pointed out that Communism was now a respectable political movement, particularly in Europe. In Italy and France the Communist parties were very strong and it would not help for South Africa to defend itself by saying that the agitation against us was being led by the Communists. I said a major effort must be made to eliminate those laws and rules based purely on colour.'

Rhodie paused again, took another sip of water and carried on with his account.

'That, I told them, is the first part of the plan. And then I outlined the second crucial aspect of the plan.'

Rees: 'Was this the Brownie dictum?'

'Yes, this was the Brownie dictum. I said we could not hope to go through official channels, nor through diplomatic channels, to make any headway in the world. I presented studies which had been made of the effectiveness or otherwise of the information efforts of, for example, Germany and the United States. I pointed out that in the US alone, within the Federal Government, there were something like 8,000 information offices spending millions and millions of dollars, yet all the market surveys which had been conducted showed their credibility was extremely low.

'The reason for this was simple: people, politicians and the media did not believe the information because the people disseminating it were being paid to present the official line. The answer, I said, was also simple: create new avenues, instruments, organisations and people who could speak on behalf of South Africa without being openly tied to us . . . '

Day: 'Like the Club of Ten?'

'Exactly, like the Club of Ten.'

'Did the Club of Ten exist? Were there ten people?'

White teeth shone suddenly out of the brown face, then a quick chuckle, 'Hell, no. The Club of Ten was a mirage. We chose the name because it was intriguing. It was only that blighter Sparrow out there fronting for us.'

'But it was so obviously South Africa, it looked so governmentish, how could it be effective?'

'Look, it could have looked that way, but no one could prove it. We simply

denied all the allegations. Nobody could say for sure that it was us.'

'Until Sparrow talked to us, that is.'

Again the Rhodie chuckled. 'Yes, until Sparrow talked to you. But you paid him, didn't you? I hit the target there. I know my man, all right.'

'But back to the Brownie dictum. What we wanted then was this: people saying, well, this is a private organisation, they are not being paid to say this, therefore we must accept what they say to be true.'

These then were the two key pillars to Rhodie's platform: bring about change in South Africa to make it easier to gain acceptance abroad; and establish a secret propaganda network.

Rhodie said he told the meeting that this campaign should sidestep the question of race relations in South Africa and concentrate on those issues which would present the country's assets—its strategic importance, its long alliance with the West, its strategic minerals and metals, that the Government was committed to objectives which, at least in theory, were similar to those which the United Nations supported.

'I used the example of a seminar organised by UNESCO in Yugoslavia on the problems of a multi-national society where the resolutions adopted at the time by 36 countries were in direct line with the thinking of the South African Government.'

Rhodie stood up from his chair, the first time he'd done so while talking to Rees and Day during their work sessions. 'I turned to Vorster and said: "Are you fully aware of what I mean when I refer to a propaganda war, and what is involved in psychological warfare?"'

'I specifically said to him: "I want you to approve, not an information asset, but a propaganda war in which no rules or regulations count. If it is necessary for me to bribe someone, then I would bribe him or her. If it was necessary for me to purchase, for example, a sable mink coat for an editor's wife then I should be in a position to do so. If it was necessary for me to send somebody on a holiday to the Hawaiian Islands with his mistress for a month, then I should be able to do so. Are you fully aware of what I mean then, Mr Prime Minister?"'

The hotel room went quiet. Rhodie looked out of the window, down a long valley and across to the snow-capped peaks of the Andes.

'What did Vorster say?'

He turned and looked at the journalists: 'Vorster said he approved the propaganda war—a war in which I should not be concerned about rules and regulations.'

Rhodie sat down again, crossed his legs, and continued talking. 'I then said to the Prime Minister that I had several projects in mind that we should undertake over the next five years. When it came to the question of money, Dr Diederichs, who was then standing at the window, turned to me and asked what amounts I envisaged.'

The Rhodie smile came on briefly. 'I told him to sit down, because I said it

might come as a shock to him that I wanted something like R25-million a year over a five-year period. I told him that if, after that period, we had not succeeded in achieving a breakthrough, then I would gladly resign. We would make it in the next five years, or not at all.

'Diederichs turned to me and said he liked the presentation. He was prepared to accept it and he was prepared to provide the money.'

Rhodie's pride was almost visible when he said: 'Do you know, Dr Diederichs said he was terribly disappointed that he had not had this conversation ten years ago—South Africa badly needed this kind of programme.'

In motivating the need for this vast budget, Rhodie said he told Vorster that Germany had occupied, and won over, a number of countries without firing a shot simply by using psychological warfare and propaganda. 'You know, van den Bergh and I were against any military activities or military arms support anywhere in Africa.'

Rhodie said he was asked by Vorster to prepare an outline of the programme on paper; this he did, and he asked for a total R65-million, of which R15-million would be spent in the first year.

Vorster said he could not take the money out of his BOSS budget, because the Opposition would attack him, saying the money was being used for the BOSS apparatus. Diederichs, he said, later told him that a general outline of the projects proposed for the initial period, as well as the necessity for them, was given to P.W. Botha, then Minister of Defence, who had agreed that this was a good idea. The money would be channelled through the Department of Defence, to BOSS, and then to the 'G' funds in the Department of Information.

(Throughout the Muldergate storm, Botha has denied that he knew about projects like the *Citizen*, or the *Washington Star*, and said he objected strongly to the money being taken from his Department, but there was nothing he could do about it.)

It was one of the great coincidences of Muldergate, that as Rhodie was discussing this stage of the secret funds, Sparks phoned to say that Botha would resign 'and go to the country' if it could be proved that he or other Cabinet Ministers knew of, or were involved in, the Information scandal.

'It seems', said Sparks to Day, 'that the junta is on the run.'

Day froze. Sparks was not to know that the Ecuador junta was indeed on the run because of the recent political murder in the Latin American country. Anybody listening might get the impression that somehow the journalists' visit could have something to do with the internal political situation.

'Please', said Day, 'don't use that expression.'

'Expression?', asked Sparks, 'what expression? Junta? Do you mean junta?'

'Yes, that's what I mean.'

'Why, what's wrong with that?'

'I can't explain, just don't use the phrase.'

Sparks and Day were snapping at each other by this time, and Sparks finally

said: 'In any case, can't you move to a country with a less exotic name? There's no direct dialling, and all sorts of ears prick up when I ask for Quito, Ecuador.'

Day replied: 'We're not here by choice, you know. Right now I'd much prefer to be in Parkhurst, Johannesburg.'

Rhodie was outraged by the message from South Africa. 'But', he said, 'they're all going round now saying it's just me and Connie Mulder. Of course they knew about the *Citizen*.'

Botha's challenge made him more determined than ever to 'put the record straight'. His face contorted and he said: 'I hate that man Botha. Do you know we used to call him 'Pangaman' (Axeman). You'd never know when he was going to lash out at you.'

(It became apparent throughout the weeks ahead, that Rhodie, Mulder and van den Bergh disliked Botha intensely. Once again another façade had been torn apart: to the rest of South Africa, the National Party Cabinet had the appearance of outward peace. But underneath, there were bitter quarrels and personality clashes.)

Rhodie excused himself, saying he had to go 'home' to make a phone call. He returned later, looking very pleased with himself. 'Do you know what the General's doing? He's going around giving newspaper interviews saying that South Africa should be building statues of me, rather than denigrating me like this. Hell, that must really hurt P.W., that must really get under his skin.'

Rees and Day invited him to dinner, and he kept chuckling to himself over van den Bergh's antics. A samba band, part of a 'visit-Ecuador' tourist promotion came to the table asking for requests. 'I love Spanish music', Rhodie said. 'Can you play "Rio Rita"?' The band happily did so, and again Rhodie laughed, 'Imagine plotting P.W. Botha's downfall to the sound of a samba band ...'

He was scathing about Botha, saying he was petulant, unpredictable. He said there were several arguments that Botha had been involved in with other Cabinet Ministers, and on one occasion he had stormed out of Vorster's office saying he was resigning. He also claimed that van den Bergh's views on Botha stemmed from the sending of South African troops into Angola which had led to South Africa's involvement and subsequent humiliating withdrawal.

Rhodie said over the dinner table: 'I have been told countless times by some of the moderate heads of state in Africa that our Angolan escapade cost us dearly: they said they could no longer say to the more militant states, "Look, you have to deal with them, they're the most powerful state in Africa, you can't beat them militarily, so rather have dialogue and try and change them that way".'

'We got beaten in Angola in that once having gone in—and we should never have done so in the first place—we then came out. We should have gone on and taken Luanda, installed Savimbi and withdrawn. I know of six African states that would have accepted him in the Organisation of African Unity. And that's what we needed more than anything, having an ally strong enough to split the OAU.'

'Well, in my view, and I'm sure history will prove me right, P.W. Botha's action in taking us into Angola will rank as one of the greatest blunders in South African history.'

'It ranks, along with the civil disturbances of the mid 1970s as the single most harmful thing to happen to South Africa.'

(Rhodie's vituperation against Botha must, of course, be seen against the background that Mulder, Rhodie and van den Bergh attributed many of their misfortunes to Botha's handling of Muldergate. It is indeed ironic that many of the changes that Rhodie says he urged Vorster to bring about to make it easier for South Africa's friends to defend her, Prime Minister Botha was to commit himself to within the first few months of his premiership.)

After dinner that February 1979 in Quito, Rhodie resumed his account of the establishment of the secret funds.

Diederichs, he said, had told him that the question of secrecy would be paramount, and that not even senior officials in the Treasury would be told what the money was going to be used for. He said that Vorster had told him that an informal Cabinet subcommittee comprising himself (Vorster), Diederichs and Mulder would vet projects and allocate funds. He said he followed this procedure religiously: he would first discuss proposed projects with Mulder and then they would review the total position with Diederichs and Vorster annually, or biannually.

He said that Senator Horwood replaced Diederichs when he became State President.

'If matters are now adjudged to be wrong, then we must all take collective responsibility—those on the subcommittee, as well as the entire Cabinet because surely there is such a thing as collective Cabinet responsibility?', he said bitterly. 'Why am I being singled out? Why am I now the villain?'

Rhodie was particularly aggrieved by the way in which he said he had been let down by Vorster, who, he said, had done nothing to defend him.

He clasped his hands, his jaw clenched, unclenched. 'My sense of betrayal and disillusionment is so great, and the ashes of my destroyed idealism leave a bitter taste in my mouth. This on top of the disgraceful harassment of Katie. I simply cannot go back to South Africa. I do not, you know, fear prosecution if I go back. But to vindicate myself completely I will have to disclose all I know about secret projects.'

'You know, this is a painful decision to sell this material to the overseas media, but it's a question of survival. I hope people will not see what I plan to do as a purely commercial transaction. I am on the horns of a dilemma. To defend myself—both my actions and my person—I must disclose these secrets.'

'I've decided on the simultaneous publication with the *Mail* and the overseas media because if something was done to stop publication in the *Mail*, my account of events will still be aired overseas.'

He got up to take another sip of water, his mouth seemed parched. 'There

are some matters I cannot tell you about, though. They are of such a nature that I will never tell, under any circumstances.'

Rees: 'Is this what the General is talking about when he says they should build statues of you throughout South Africa?'

'Yes, that's what he must be talking about.'

'Are you afraid to talk about those matters?'

'Yes, I'm afraid, but I also cannot for the sake of my country and for the sake of a country I hold very dear to my heart.'

'When you say you are afraid, does that mean you are afraid of being killed?'

'Yes.'

'Who would want to kill you?'

'I can think of any number of people, organisations and countries.'

Rees: 'Does South Africa have any hit teams?'

Rhodie: 'Not to my knowledge.'

'Who killed Robert Smit and his wife?'

'I've got absolutely no idea. I know people started saying that his death had something to do with the Department of Information. But I ordered an investigation within my Department and could find no formal links between Smit and the Department.'

'There was talk of you having an argument with him, and he was supposed to have told you that he would "fix" you in Parliament.'

'I deny that most strongly. I met him a few times at IMF meetings, but my dealings with him never went beyond that. I know, too, that people said we had shared mistresses, and that we fell out over that. It's all absolute nonsense.'

Rhodie sipped from his water glass, and said: 'I was very upset about a newspaper article in *Rapport* which suggested links between Dr Smit and the Department, and I went to the police about it.'

(Shortly after this article appeared in *Rapport*, the newspaper was taken to the Press Council, and it formally apologised for the report. Two journalists involved in reporting about the Smit murders had their police accreditation cards withdrawn. Two others were taken to court by the police in a bid to get them to reveal sources. And while Rhodie was talking to Day and Rees in Quito, senior police officers quizzed editors and political correspondents on their knowledge of the murders.)

The following day, Eschel Rhodie seemed depressed. The previous night he had received a telephone call from South Africa and it appeared there had been more trouble involving his wife. Katie Rhodie, by all accounts, was the epitome of the cliché, behind every successful man. . . . All Rees's contacts had told him that Rhodie was devoted to his wife, that it was really she who had given him much of the drive and support which had turned him from a raw youth into one of his country's most powerful men within a decade.

'Can we speak about Katie today?' Rees asked.

Rhodie said nothing for a long while. And then he began . . .

'I was only 19 when I met her. I was working for the *Vaderland* in Pretoria. Geoffrey Jenkins represented the *Star* in Pretoria and so did Gerald Shaw, who later became Assistant Editor of the *Cape Times*. The three of us had a system for the courts in Pretoria. We would exchange information and tips—otherwise it would have been impossible.

'I met Katie in a strange way. My brother Nic and a friend had a blind date with Katie and a friend. It was compulsory for a Teachers' Training College girl to have one blind date in a year and that's how she met my brother—her blind date. That same night he said to her "you know, I think you would make an ideal girlfriend for my brother. I should introduce him to you." A couple of days later he introduced me to her.

'That was on a Wednesday and our first date was on a Friday the 13th and we had a courtship that lasted four years before we married. But in that whole period there was only, I think, a period of approximately six weeks that there was a break—that she had some dates with a couple of other fellows and I had dates with other girls. But that was the only break we ever had. In all of those years I never went out with another girl and she never went out with anybody else. That's how we met Retief van Rooyen. Retief's wife and Katie were in the same hostel and we used to go dancing together. So it's a friendship that went back many, many years.

'Katie and I were married in 1957. Six months later we left for Australia. Katie had been to school at Rustenburg and I would have thought that it would have been extremely difficult for her to adapt. The blacks, the Indians and the Thais all homed in on her at diplomatic parties. Of course, I thought that she would not cope, but she adapted remarkably well. She's been an enormous help and support to me all these years.

'There were some secret projects that she knew about. When I went to the Ivory Coast I wasn't sure whether I was going to come back. I had to tell her, and the reason for my going. She often asked me, "Why you? Why do you have to do it?" I said somebody had to do it, nobody else was doing it. "I have this responsibility and Connie and I feel we have to do this". But the really top secret projects she never really knew about.

'That is why I feel so bitter about what has happened. She was never used. She never worked for the Government, she was never party to any of the operations in the field, except for one occasion when I had to use her signature.

'As my career progressed, Katie was extremely unhappy about the fact that I was away from home so often. From about 1963 when things started to snowball, she kept at me continually that I should get out of the Department. Literally for the past six years she'd been telling me that I was burning myself out. She would say that I worked at my desk late at nights and all the journeys overseas must affect me mentally and physically, and she doesn't want a heart attack on her hands.

'She said life was passing me by and I was enslaved by the work. We had arguments about that. She felt very strongly on that point. I think she was

unhappy about the fact that I was away from home so often. I said to her that the others weren't doing it. The opportunities were there and it was necessary for the country for me to do this sort of thing. Foreign Affairs were not doing anything and I'd put it to the Government and they'd said DO IT.

'Whether I convinced her that this was essential for the country is another question. She's bitter about the fact that all those years were virtually wasted. All of my efforts have been totally wasted. That was the prime of my life. I was 36 when I became Secretary. My children were at an impressionable age at that time and I have this terrible guilt feeling, particularly about my son. That he didn't have enough attention. It's the old, old story of course. I tried in the circumstances as much as possible, but I think that she's embittered about that. She's not the sort of person ever to hold it against me personally. She's not going to say I told you so. We always made a point that whenever we had an argument we would never go to sleep until that thing was thrashed out completely. Then it was finished. She lived by that law.

'She was not happy about the fact that I had returned to Information. She wanted me to stay with *To the Point*. Of course she was not aware of the implications, why I was there, and how this thing was being manipulated.

'I love that woman so much. I caused a lot of trouble for my friends because they thought that I spoilt her because of the arrangements we had in our house.

'I was a regular shopper with her and she never bought a dress unless I approved it. There were certain days of the week when she got breakfast in bed. When she felt tired—she's got a medical history—I would often keep her in bed the whole week-end and serve her meals. Also I made sure that she had the same opportunities as myself to play sport. She didn't share my tennis—she played squash.

Rhodie looked at the journalists and said: 'I'm missing her badly'. With that he got up and left the hotel, his stride not quite as jaunty as usual.

23

THE CORK IN THE BOTTLE

'We had to drag Vorster kicking into Africa . . .'

The next day found Eschel Rhodie back to his normal, brisk self—ready to carry on with his narrative.

'Can we talk about you and Connie Mulder?' Day asked. 'Sparrow seemed to think you were the dominant figure. Can you tell us about your relationship?'

Rhodie replied in his clipped tones: 'Very well, we'll talk about that relationship. I don't think that it's easy to dominate Connie Mulder. He has a strong nature, he's a strong man. He reminds me a lot of Dr Verwoerd. He is more like Verwoerd than Vorster, except that he is more flexible and pragmatic. But he was as tough as Vorster in his early years as Prime Minister.

'The thing that first struck me most about him was this combination of strength and flexibility. He is a man, I said to myself when I met him for the first time during his visit to Holland, who is prepared to listen. Here is somebody who is capable of listening, taking a decision and then acting on that decision—firmly and decisively.'

Rees: 'Did you become close friends?'

Rhodie: 'We were house friends, yes, but I was very formal with him in public. That was only right, he was my Minister.'

Day: 'Did you ever see him as a vehicle for your own ambitions, did you feel you could mould him to achieve those ambitions?'

Rhodie: 'I would not be entirely honest if I did not admit to being an ambitious man. But "mould" is not the right word. I think it was more of a case of Dr Mulder seeing me as a person capable of getting the proper things done, and of me seeing a man who had the power, ability and personality to achieve certain prime goals.

'Most of all he was prepared to think big and tackle South Africa's issues on a national scale, not the piecemeal, *laissez-faire* policy that earmarked the late Vorster years.'

Day: 'How would you say you influenced him the most?'

Rhodie: 'I think I helped broaden him. I showed him what makes the world go round. So many of South Africa's prime ministers did not understand the rest of the world—simply because they never travelled.

'I persuaded Connie Mulder to travel. I wanted him to meet people of different colours, creeds and nationalities. I took him to Turkey, Jordan, Saudi Arabia, Iran, Morocco, Taiwan, Scandinavia, Egypt . . .'

Rees: 'Egypt! How did you get into Egypt?'

Rhodie: 'Well, actually we never got beyond the airport. I had arranged through a contact for us to have a private, informal visit with the Egyptians, and they agreed. But when we got to the airport we discovered something had gone wrong. They were no longer friendly. They confined us to a hotel room overnight, and we left the next day.'

Day: 'But wasn't crash diplomacy of this nature extremely dangerous? What would have happened if the Egyptians had thrown the whole party into jail? What could South Africa have done to get a senior Cabinet Minister out of an Egyptian prison?'

Rhodie looked puzzled. 'But why would they have done that? I don't think the Egyptians would have done that, do you? It was a risk we had to take . . .'

The Egyptian trip was the result of a van den Bergh plan to establish an air corridor over Africa in which South African Airways would have been guaranteed overflying rights, Rhodie explained. Van den Bergh had travelled extensively in Africa, visiting Zaire, Gabon, Tanzania, Zambia and the Central African Republic in his efforts to obtain these rights. Rhodie said that van den Bergh was so successful that eventually he needed permission only from Sudan and Egypt to achieve his goal.

What made the Egyptian sortie even more farcical, was that it had been arranged by another of the bizarre characters who popped up so frequently in the Rhodie scheme of things.

The Department of Information had called in the help of a Mr Stoffel Vermeulen, whom Rhodie said was a Middle-East expert. Vermeulen arranged a meeting with an Egyptian general at the Montreal Olympic Games, which led to a brief visit to Cairo by Rhodie. Next, Vermeulen arranged that Rhodie and Mulder would visit Egypt—and they were turned away.

Vermeulen appeared suddenly in the public eye as a surprise National Party candidate for Hillbrow, Johannesburg's high-rise and densely populated flatland, during the general election called so unexpectedly by John Vorster late in 1977. Vermeulen was a surprise candidate because there was nothing in his background or his personality to suggest that he would gain the support of a significant number of voters. He was regarded as something of a joke among the political reporters covering the elections. He kept hinting that he was a man of value, that he was a personal friend of Connie Mulder's. He said he was a roving ambassador for South Africa, that he had special connections in the Middle East. Then he claimed to be a professor, formerly attached to a South African university. This was checked out, and it was discovered that the university had never heard of him—and that he was no professor. Day and Rees were to find out almost two years later that this was the man who had led Mulder into Egypt.

This brash approach was the hallmark of the Rhodie initiatives, particularly in Africa where he and his agents strode onto ground where South African angels feared to tread—armed with little more than the kind of thrust Rhodie

had used as a rugby centre to force the gaps, and briefcases full of hidden tape-recorders and money.

Before these initiatives began, Rhodie developed an extremely close relationship with General van den Bergh. The two men realised quite early on that Mulder was destined to be the prime minister—and they intended to be there with him.

They met frequently as their paths crisscrossed through a myriad of secret projects. They made an odd couple. Rhodie was ostentatious, aggressive, using a life of high living and jet-setting as a cover for his secret work. Van den Bergh, on the other hand, was austere, moving (as Helen Suzman said) behind the scenes, in the shadows, building himself a high reputation among the Western world's intelligence services (his was the first analysis to predict the fall of the Portuguese Government in Mozambique—forerunner to the Portuguese revolution).

Together, Rhodie told Rees and Day, they decided to carve up Africa between them. Rhodie would take the West because of its close links with France (and he had good contacts among the French), and van den Bergh would handle the East and Central Africa. The target was twofold, Rhodie says: to establish the air corridor for South Africa that would eradicate the forced flying round the bulge of Africa and save millions of rands every year; and to gain the support of moderate African states which they could then use to split the OAU, over the question of cooperation with South Africa.

But to get that support, they realised that the South African Government would have to give visible proof that it had changed, or intended to change, its rigid apartheid policies. The man to do this was Mulder, Rhodie said.

'We knew it couldn't be Vorster. He had become obsessed with Southern Africa, obsessed with keeping unity in the National Party at all costs. He wasn't going to bring about the necessary changes if it meant stepping on toes. He'd had a great fright when the HNP broke away shortly after he became Prime Minister and he did not intend to be the catalyst for something like that again.

'I think it was the greatest mistake of my life to launch the détente initiatives in Africa during the Vorster administration. It was the General and I who initiated that programme. Those travels into Africa did several major things for South Africa—including keeping Mr Vorster as Prime Minister when he wanted to go, as well as earning him a reputation as a statesman.

'If we had held back on those initiatives for several months, Vorster would have had his wish and retired, and Connie Mulder would have become Prime Minister, and he would have got the credit for being the architect of the outward-looking policy.

'I believe that the popular concept of John Vorster as a statesman was exaggerated. Everybody who counts knows very well that it was myself and the General who set up those meetings and, in fact, Vorster was very reluctant to act on our initiatives. I don't think it would be unfair of me to say this, and I think history must know it: we had to drag John Vorster kicking into Africa.

'Right from the start he seemed unwilling, even when we had conclusive proof that moderate African heads of state like Senghor and Houphouët-Boigny were prepared to meet him immediately in Africa. It took a great deal of time and trouble to get him to agree to travel with us, and we had exactly the same problems in getting him to go to Israel.

'Look, I can tell you that I have great admiration for Vorster's abilities as a political force in his own party and that he was without equal as a political debater, but I've got several criticisms to make of him in other fields.

'Vorster's political outlook was like that of General Smuts. Vorster finally wanted to go down in history as the man who would bring peace to Southern Africa. But in this vision he forgot that what was really needed was a dramatic initiative in his own country on race relations.

'In other words, he was standing on top of Table Mountain looking into Southern Africa but failing to look at what was happening at his feet in District Six. General Smuts did exactly the same. He, too, stood on Table Mountain and looked at the world—failing to see South Africa's race problems evolving at a tremendous rate right under his nose.'

Rhodie said that he and van den Bergh had a term for Vorster. 'We called him the "cork in the bottle". He was stopping the flow of development.'

Rees: 'You say that you had to drag Vorster kicking into Africa. What do you mean?'

Vorster, he explained, had had a bad experience with President Kenneth Kaunda of Zambia when an exchange of secret correspondence was made public after a public clash of personalities between the two men. 'This frightened him, and he thought he could never succeed in making contact with African leaders.'

Rhodie said he was convinced that he would be able to make use of the pro-West, moderate approach which the French influence had engendered in statesmen like President Houphouët-Boigny of the Ivory Coast and President Senghor of Senegal.

He persuaded Vorster to allow him to embark on Operation Wooden Shoe—to make contact with the Ivory Coast. (Operation Wooden Shoe was coded project G-28, and by the end of 1978 nearly R200 000 had been spent on it—mainly on payments to 'agents'.)

Rhodie said he had told Vorster that to impress upon the African leaders that South Africa was genuine in its détente efforts, he wanted to tell them that Vorster would see them 'within 24 hours'. Vorster, he said, agreed.

Rhodie said he decided to go to the Ivory Coast 'unannounced', and flew there with journalist, Bernard Lejeune, who had good contacts in the country.

'I just walked in there saying that I had come on behalf of my Prime Minister in the hope of setting up a meeting so that we could reach a better understanding of each other. The way to improve relations was to talk, not threaten. South Africans, I said, were Africans—they were not colonialists. The Afrikaner was a man of Africa, not of Europe.'

Rhodie said he got an immediate response, and telephoned Vorster with the news, asking him to give the green light to the 'meeting within 24 hours' proposal he had put to President Houphouët-Boigny as a sign of good faith.

'I was astounded by Vorster's reaction. He hummed and hawed, said these sorts of things can't be done overnight, that he had to get the Foreign Affairs people in. He wanted to talk the thing out first and then decide what to do. You can imagine the position I was in. I had to go back and tell them that I had to return to South Africa to discuss the matter—after telling them that Vorster was prepared to have a meeting within 24 hours if necessary.'

Vorster was so cautious that it took Rhodie four visits to the Ivory Coast before the secret meeting was finally arranged. Between these visits, he'd had a meeting with President Senghor in a Paris flat, and Houphouët-Boigny invited him to the meeting with Vorster.

In May 1974 Vorster, Rhodie, van den Bergh and a few other officials flew secretly out of South Africa in a South African Airways jetliner to Abidjan where the historic meeting took place.

'But it was a very close thing', Rhodie said. 'We nearly lost this opportunity because Vorster was so cautious. We were also due to have a further meeting with President Senghor, but this finally fell through because Vorster took so long making up his mind.'

(Vorster's reaction to Rhodie's criticisms which were later published in the *Rand Daily Mail* was: 'I was in Malawi meeting President Banda while Dr Rhodie was still in Holland'.)

Rhodie complained bitterly that his former Prime Minister also embarrassed him over the State visit to Israel which followed a few years after the African trip.

'I have wonderful friends and contacts in Israel', Rhodie said, 'and they agreed to host Vorster on an official visit. But again I battled to get an answer out of him. He kept saying, yes, he would go, but then I couldn't tie him down to a date. The Israelis couldn't understand what was going on. Finally I had to insist that Vorster commit himself in writing to visiting Israel on such and such a date.'

Rhodie got up from his chair, stared out of the window at the Quito landscape and said: 'And then when the visit took place, they said I couldn't go. It had to look like a Foreign Affairs matter. After all that hard slogging, they wouldn't even let me go with them . . .'

Day: 'Having set up the détente with Africa initiatives, how were you going to bring about change in South Africa, and what were those changes going to be?'

Rhodie sat down again, crossed his immaculately trousered legs.

The blueprint for change, he said, originated in talks he had had with van den Bergh during their lobby activities at the Montreal Olympics in 1976. Central to their ideas was the establishment of a thinktank comprising key civil servants, leaders of commerce and industry, scientists, technologists,

political scientists, military strategists, representatives of the country's intelligence and law enforcement services. The thinktank would be responsible for all the country's forward planning on major political, socio-economic and capital works programmes. This thinktank, or supreme council, would make recommendations to the Cabinet—but the Cabinet would not be allowed to make major decisions on its own, without the supreme council first discussing the issues.

The supreme council, Rhodie said, would be under the chairmanship of General van den Bergh.

Rees: 'We heard that it was planned at one stage for you to take over BOSS.'

Rhodie: 'No, I was to become the co-ordinating director of the thinktank.'

Day: 'But did you have no ambition to become a politician, a Cabinet Minister?'

'No, I believed that what I could achieve would be best achieved outside the party-political arena. The General would probably have got a Cabinet post, because it would have been essential that he follow the council's recommendations into the Cabinet room.'

Rhodie said that a basic tenet of their blueprint was to bring about a breaking away from the old policy line and to see South Africa as a plurality of peoples, forgetting the aspect of race and working towards structuring several democracies under a federal system of government.

The end of the day's session with Rees and Day had arrived, and Rhodie walked to the door.

Day: 'It was very close wasn't it. You nearly made it, didn't you?'

Rhodie stopped, his hand on the door handle. He turned and looked back into the room. 'You'll never know how close it was.'

Day: 'If Connie Mulder had made it, what would you have done about the Information Department revelations? If the *Mail* had gone ahead and published its exposé what would you have done? Banned it?'

Rhodie opened the door, pausing as he walked out. 'Oh no', he said. 'I learnt one thing—never ban the institution, ban the individual. We would have banned Allister Sparks, not your newspaper.'

The door closed, and Rhodie was gone.

24

THE SECRETS REVEALED

'Don't get your jackets caught in the door ...'

Eschel Rhodie returned to the journalists' hotel the next day with the news that his wife, Katie, had been given back her passport, and that she would travel to Europe in the near future.

'I'm not going to join her right away, because they'll probably put a tail on her—someone might follow her in the hopes that she will lead them to me. Once she is out of South Africa I should be in a position to have my story told—but only after I have obtained the necessary travel documents and a job.'

'I want to clear up a few points before I go into the projects', Rhodie continued easing himself into his chair. 'There are many misconceptions that need to be corrected.'

'Let me start by justifying the targets for the five-year programme. It was not a haphazard, shot-gun procedure as has been suggested. The targets were very carefully selected after a market research survey that cost us R300 000. It was conducted by a New York research company, Richard Manville Incorporated, and was into the attitudes shown towards South Africa in 16 major western countries.' (Rees had been told by Myrtle months before that he should investigate the 'Manville Connection' and had discovered in New York that the company had done the illustrations for the propaganda comics distributed in Southern Africa.)

'Very few people know about this', Rhodie continued, 'but the analysis filled about 20 volumes. To disguise the emotional factor involving South Africa's name, the survey was ostensibly conducted on behalf of five or six countries, so when people were questioned about their views on various countries including South Africa, they did not know that it was the South African Government asking the questions.'

'In this way we knew exactly what the old people felt, the young people, the labour unions, the governments, the opinion formers, the decision takers—we knew what they felt about South Africa. We knew which areas created the greatest amount of criticism, and in which areas there was the greatest amount of ignorance.'

'The results were fascinating—we discovered for instance that 70 per cent of the Japanese knew who Gary Player was, but only two per cent had heard of John Vorster. Not only because Player was a champion golfer—but also because the Japanese could identify with him because he is a short man.'

(Player was used by Rhoodie—and paid for it out of secret funds—to host American corporation bosses who were brought to South Africa in a bid to stem the anti-investment tide which rose in the United States in the mid-1970s. The Americans were brought to South Africa on 'golfing holidays', and then introduced to South African businessmen and politicians, including John Vorster.)

When he became Secretary for Information in August 1972, Rhoodie explained, he had inherited a department with only two or three secrets projects—and no budget to speak of. (In 1962 the then Ministry of Information is on record as having been allocated R500 for 'secret services' in the parliamentary estimates.) In previous years the Department had also been described as ill-equipped, hampered by lack of funds and its methods were said to be 'old fashioned and tied down by red tape'.

In the five years from April 1974, Rhoodie estimated, the Department spent R85-million on its secret propaganda war and had built up a mushrooming network of secret projects that eventually totalled almost 180. It was this vast network and its multitude of front organisations and people that, Rhoodie says, was to contribute to his downfall.

'I made many errors of judgment, but the biggest was that I took too much on my fork. I was working around the clock having to run the Department with all its offices scattered throughout the world, as well as control the secret projects. For security reasons, we had to keep the number of people involved in the operations to a minimum. I was left little time to live up to my so-called reputation as a playboy jet-setter. It was just never like that', he explained.

Another error Rhoodie believes he made was in his selection of some of the people to front the projects. 'People like Judge Sparrow. If we had chosen Donald Bodie [a former editor of the London *Evening Standard* who later took over the control of the Club of Ten from Judge Sparrow] right from the start, we would not have been exposed', he recalled with a hint of bitterness, adding that to his knowledge Bodie had never known that the Department was behind the men who fronted for the club.

During the five years of his secretaryship, Rhoodie had shrugged off the many questions that were being asked in the United States, Europe and Britain about the Department's activities.

'It was to be expected that those organisations which were waging their war to discredit South Africa would link us with secret projects. It's only natural, but they never really knew. Obviously, in terms of the odds, they were bound to be right sometimes. But they could never prove it', was Rhoodie's comment on the reports that had been compiled by anti-apartheid organisations, and which he was now confirming.

Rhoodie paused. 'Before I disclose the details of the projects, I just want to repeat our understanding. You are not to write about the projects in your newspaper until I give my permission. Now that Katie is leaving South Africa, it means I can go ahead with the disclosures. But I still have to worry about

how I am going to live, recover my pension that they have seized and be able to settle in some country. My story is all that I have. Until I have completed my negotiations in Europe, you must not jeopardise my plans. In fact, I am going to insist that you remain with me. A "hostage", you might say', he said, pointing at Rees. Rhoodie smiled as he said so.

But he was serious. Rees and Day looked at each other. Both knew that he was not going to trust them out of his sight with so many of his secrets.

Until that moment, Rees and Day had wondered whether Rhoodie would go ahead. Now it seemed, he had every intention of doing so—even though it was obvious that he was going to retain control of the material until he had completed his talks with the international media in Europe.

'That's fine. But do we have your word that when you have completed your negotiations, we will have the exclusive rights to your story in South Africa?' Day asked.

'You have my word. I will tell you when you can publish', Rhoodie replied.

As Rees and Day sat listening to Rhoodie unburdening some of the secrets that he had guarded so jealously in the past, the projects began to resemble dozens of chess pieces that had been manipulated on a world-wide chessboard.

And the manipulator, armed only with a briefcase from which he would occasionally extract a piece of paper to refresh his memory, talked for hours on end and in minute detail about his sphere of influence which extended from South Africa, through Africa, Europe and the Middle East, to the United States, South America and the Far East. Projects such as Operation Star—the secret attempt to acquire control of the *Washington Star* and its allied television interests at a cost of R10-million to South Africa—were breathtakingly audacious; others, such as the excursions into filming in an attempt to transform South Africa into another Hollywood-type film capital of the world, left Rees and Day with the impression that many had not only been naive schemes, but also ill-conceived and poorly executed. Many of the people and organisations chosen by Rhoodie to front for the Department were, at best, strange. But he pointed out that the present P.W. Botha administration was apparently continuing with at least 60 of the projects, so they could not all have been bad.

How was Rhoodie able to set up such an extraordinary network throughout the world, almost single-handed, in such a short time? His greatest asset was his ability to sell his ideas. He had acquired that ability the hard way: selling the world's most unpopular product—apartheid South Africa—for most of his life. He knew the value of personal contact, and his energy and idealism allowed him to sell door-to-door.

He moved from country to country, from city to city, from cocktail party to cocktail party—meeting literally thousands of people. Each time his pitch would shift, depending on the person he was selling to. Although he was an idealist, at the end of the day one was never sure whether he had been promoting his country or himself, or which came first.

He had something else, of course, which he used to make his sales pitch palatable if all else failed—money, and lots of it. The millions that he had at his sole disposal made it possible for him to say: if you don't like these principles, let me pay you to like them. Or: if you won't publish this in your newspaper, then I'll buy your newspaper. Then you'll have to publish it.

His solutions to many problems were simple and bold. Example: many of the world's universities only had reference books on South Africa written by socialists and marxists. Right. Can I buy the university? No. So I establish a research centre such as the Institute for the Study of Plural Societies to tell the world about the other side's arguments. Example: Nobody in Europe will publish a pro-South African book. Remedy? Try and buy the international publishers, Hutchinsons, through Morgan-Grampian.

He was in such a hurry, moving at such a pace, with so much money in his pocket that it was no wonder that he squandered so much of it on so many bizarre schemes and such a strange assortment of people. And, as Anthony Sampson wrote in the *Observer*, Rhoodie had difficulty in this heady world (like James Bond?) in distinguishing business from pleasure.

In the final analysis, he was—as Sampson stated—a unique phenomenon in international diplomacy.

For the next few hours, Rhoodie spoke of some of the projects.

He told of how, in Britain, two MPs of the ruling Labour Party had been on the payroll of the Department of Information, lobbying for South Africa in the House of Commons and spying on anti-apartheid organisations. Careful not to identify the men, he said he would have to refresh his memory from his documents hidden in two bank vaults in France and Switzerland. The information obtained from the two MPs, he added, had been used to mount 'disinformation and disruptive' operations against anti-apartheid groups in Britain and Holland. This included tactics such as mailing fake petitions and newspapers to sow confusion among the activists.

Rhoodie refused to give any further details. Months later, however, he released some of his documentation which recorded 'British parliamentary activities' and said that an amount of R46 000 had been spent on the programme.

The Club of Ten had been a front, he admitted, and had been launched to expose the 'double standards' being applied against South Africa by the Press and major western governments.

'We had failed to persuade them of the double standards being applied in places like the United Nations, so we thought the only way to combat them would be to buy advertising space through newspapers. We needed a front, a front that would have the appearance of a completely free and public-spirited body of people.'

Rhoodie said they had been unable to persuade South African businessmen and institutions to finance the scheme, so they decided to finance it themselves. Money was given to the so-called members, wealthy men such as Werner Ackerman, husband of opera star, Mimi Coertse, millionaire John Heinrich

(who was also used to front as a director of a company that the Department used to channel funds for the secret projects) and wealthy potato farmer, Lampas Nichas. Rhoodie stressed that none of the 'members' had used their own money, except that Nichas had incurred some expense.

Judge Sparrow was then chosen to act as their man in London because he was a writer, had visited South Africa, was considered to be eccentric and was married to a 'non-white'. The advertisements were written by Les de Villiers and himself and sent to Sparrow for placing in world newspapers.

Rhoodie said the response had been tremendous, exceeding their wildest expectations. Thousands of letters of support as well as cheques flooded back to show solidarity with South Africa. But later, they ran into problems with Sparrow. He had become indiscreet and a security risk. Finally, he was given a five-year pension. But this, too, was stopped after he wrote the Club of Ten articles for the *Rand Daily Mail*.

Newspapers which had previously published numerous vicious anti-South African articles, were suddenly quieter. Rhoodie admitted coining the name of the Club of Ten because it sounded 'British', and they thought it would evoke a lot of intrigue and speculation as to the identities of the members.

Of the members, he said that during the first year one of the three 'nominee' members was Clarence C. Rhodes, who was then in the United States and was an executive with John McGoff's Panax Corporation. Rhodes later went to London to head UPITN's office and discontinued his 'membership'.

Rhodes has, however, consistently denied ever being a member.

Rhoodie said the Club of Ten had led to his having discussions with the Receiver of Revenue to obtain permission for front organisation members to be exempt from tax payments on money paid by the Department. It was to save many of the collaborators used by the Department from embarrassing probes by inspectors of the Receiver of Revenue.

Another off-shoot of the Club of Ten, Rhoodie said, had been a magazine called the *Phoenix*. This had been edited by Judge Sparrow and was circulated among British MPs.

'Was that the extent of your Department's involvement in British politics?' Day asked.

'No, we also had another project—this time involving an MP on the other side of the House. It was code-named Operation Bowler Hat. We had a Conservative MP who ran it for us and the project was secretly to finance through him visits to South Africa by British MPs. We believed that it was an important way in which to expose MPs to South Africa, and its complex problems. If they had known where the money was coming from, they would have refused to come. So our MP would find likely members, men who were showing an interest in our problems, and he would invite them to South Africa. We also worked the project in reverse . . . we would send South Africans to Britain in much the same way', Rhoodie explained. 'I'll identify the MP later, when we get to Europe.'

Rhodie then told of another British project. 'We had a publication called *African Development*. Lawrence Morgan, formerly of the *Natal Mercury* and who had been very active at the time that Dr Piet Koornhof got involved in the attempt to take over the *Mercury*, was its editor.

'I had thought that since we had a magazine dealing with west Africa, we should have something similar on the east coast, and in southern Africa itself. This would take in countries such as Zambia, Tanzania, the South African homelands, Kenya, Swaziland, Lesotho, etc. It would contain technical, agricultural, economic-development and general articles of interest to the black states', he said.

The magazine, launched on a quarterly basis in South Africa, was well received but encountered mailing problems. Then Rhodie decided to give it more of an international flavour, moving the operation to London. This eased the distribution problems and correspondents were appointed from different African states. The total distribution amounted to 10 000 and Morgan travelled extensively through Africa.

'Did he have a code name?' Day asked.

'Yes. Because Morgan was rather rotund, the sort of man who would potter about on boats, somehow we came up with the nick-name "The Hippo". That became his code name.'

Rhodie then told of another project, this time in South Africa and involving black cinemas. They had planned, he said, to control not only the type of films on distribution to blacks in South Africa, but also to govern the manufacture of the films and establish a chain of movie houses throughout the country. Two of his front men in this project had been Andre Pieterse, who had eventually used R825 000 of the money advanced to him, in the manufacture of the film, the *Golden Rendezvous*, and van Zyl Alberts.

It emerged that the black movie project had two broad aims: censorship and indoctrination. The thinking was that South African blacks were great moviegoers, who identified strongly with the heroes and anti-heroes of American films, many of them of the 'B' grade variety.

The Rhodie team felt that these films were Americanising urban blacks in South Africa and that their scheme could be used to counteract this trend through the creation of local black super heroes, who would be portrayed against an ethnic background. This, it was felt, would be an outstanding way both of improving the quality of the films being shown to blacks and of putting across the Government's separate development message.

Another project involved the playboy President of the Seychelles, James Mancham, who was later deposed by his prime minister while on a visit to London. Rhodie said that his visits to the Seychelles to pay amounts of money to the President had led to the stories of his jet-setting trips to the island.

Rhodie said Mancham had accepted bribes totalling \$50 000 (about R40 000) in return for reporting for South Africa on meetings of OAU leaders and giving landing rights on the island to South African aircraft. The money

was handed over in Operation Playboy during meetings in 1976 and 1977. Mancham was also given a colour printing press at a cost of \$60 000.

Mancham, who was concerned about OAU support for his left-wing Opposition, had been eager for financial assistance and had asked that the first payment given to him become an annual payment.

The first meeting with Rhodie was taped by using a device hidden in a cigarette box, and the second using a more sophisticated device hidden in the handle of Rhodie's attaché-case. After the second meeting, President Mancham had left with his payment lodged in a pillow case, Rhodie said.

His next two projects concerned South Africa's attempts to counter the World Council of Churches, a body that had been a harsh critic of South Africa. The projects, one of which was to lead to a storm of indignation and guilt within the Dutch Reformed Church, concerned the Christian League of Southern Africa, an organisation run by the Reverend Fred Shaw, a Methodist minister. The other was code-named Operation Manel, and run by the Nederduitse Gereformeerde Kerk.

An Ecumenical Organisation Bureau was given the task of making contacts with other church bodies opposed to policies advocated by the World Council of Churches. Rhodie said that Vorster was enthusiastic about the idea and R127 000 was given to the Bureau. It was run by Dr O'Brien Geldenhuys, moderator of the Dutch Reformed Church in the Transvaal. Dr Geldenhuys later admitted that the church had received funds as a 'temporary measure and on the basis that no conditions were attached'. Rhodie said the organisation drew up pro-South African documents for publication all over the world.

Later, he said, he organised finance to the tune of R229 314 for the Christian League of Southern Africa. A small weekly newspaper *Encounter* had been published and this grew into a very high-circulation publication.

Rhodie said that in 1974 alarming attempts were being made in the United States to encourage disinvestment in South Africa. Groups were also trying to buy up shares in companies with South African interests. Because of this, a plan was evolved to obtain the support of churchmen in South Africa, and links were also formed with an American church movement and an office was set up in London. Plans were made to do the same in Germany, he added.

The Reverend Shaw, who consistently denied having received funds from Rhodie, was later found to have been given R10 000 by the South African Government to defend an action brought against him by the South African Council of Churches.

Rhodie, in talking of the plan to take over South African Associated Newspapers, said it had been code-named Project Annemarie after his daughter. They had come close to gaining control, he added, and then embarked on the *Citizen* project.

'You'll never know how close I came to being your boss', he quipped while recounting how the deal had been planned and organised by van Zyl Alberts and Louis Luyt.

'Let me now deal with the *Citizen*. Right from the start I want to make it clear that Mr Vorster, Senator Horwood and certain other cabinet members knew about it even if they now deny it', Rhoodie said.

'I will never forget Vorster's words when he said that we could go ahead with the *Citizen*: he used the Afrikaans phrase "Maar julle moet net oppas dat julle nie julle jasse in die deur vasdra nie" (But you must be careful that you don't get your jackets caught in the door). He was referring, of course, to the question of secrecy on which he felt very strongly.

'Newspapers in South Africa have also suggested that the *Citizen* was established for the purpose of bringing out an English language National Party newspaper. This is absolutely untrue. There was a contract between Louis Luyt and ourselves to prevent the owner from issuing instructions which would radically change the nature of the newspaper.

'The real proof lies not in the personal and financial contract with Luyt, however, but in the editorial charter which all new journalists of the paper had to sign. The proof also lies with the editor's policy statement, the policy statement made publicly by Luyt and the policy in the editorials of the first editor, Martin Spring, and his successor, 'Johnny' Johnson. They clearly indicated that the newspaper was to follow a non-party line. This charter and policy laid down by the editor determined the attitude of the newspaper. The argument that the newspaper should have remained neutral during the general election, does not hold any water as far as I am concerned. Must it sit on the fence on such an important issue—simply to prove its objectivity? The editorial charter, too, is of such a nature that few journalists in South Africa would have refused to sign it', Rhoodie claimed.

(When Rhoodie's disclosures later appeared in the *Mail*, the *Citizen* carried scathing editorials about its former controller, Rhoodie and the fact that he had disclosed secrets, and many journalists denied that they had signed the charter, extracts of which appear on page 99.)

One of the most startling of all the secret projects to be revealed by Rhoodie was the R400 000 plot to buy the support of Rhodesian nationalist leader, James Chikerema, and then to blackmail him with secret photographs and tapes in case he later tried to renege on the deal.

Chikerema, who later denied having received any South African Government money, may not have realised it at the time, but the money he had received from David Abramson was part of Rhoodie's secret fund.

Chikerema, then senior vice president of Bishop Abel Muzorewa's United African National Council, was not to know that a meeting between himself and Abramson in Salisbury was being taped. The South Africans had also planned secretly to bug and photograph Chikerema on a visit to South Africa, but *Mail* investigations later established that this had not taken place. Stuart Pegg's luxury home at Khyber Rock, outside Johannesburg, had been set up to record the transaction.

Mail investigations established, too, that at no stage did Abramson tell

Chikerema that he was actually representing the South African Government. He claimed to be acting for South African business interests, which wanted an assurance that South African aircraft would continue to have flying rights over Rhodesia and that open border trade between the two countries would continue.

(Shortly after the Rhodesian elections in May, Mr Chikerema and six of his followers broke away from Bishop Muzorewa to form the Zimbabwe Democratic Party.)

Rhodie, who said R800 000 had originally been earmarked for the project, also explained that Chikerema received only half the money—because the balance had been set aside by the South Africans to back two other nationalist leaders in Rhodesia. 'Either way, we planned to have our men in control when the time came', he added.

Another Abramson project—one of the few financial successes that the Department of Information was to record in all of its dealings—was the multi-faceted Morgan-Grampian, Hortors, Empisal Holdings series of takeovers. Rhodie, by his own admission never a financial wizard, left the detail to the partnership of Abramson and Pegg.

When asked about those deals, Rhodie simply said: 'I think most of that has come out now. From what I've seen, the details are pretty accurate.'

Rhodie confirmed however that the ultimate intention of the Morgan-Grampian deal had been to establish a pro-South African international publishing empire, based in the United States. The backing for their ventures took the form of guarantees furnished by Volkskas Bank and arranged by the Department of Information. Then followed the purchase and sale—at a profit of more than R4-million—of a 28 per cent stake in Morgan-Grampian and the successful bid for the Hortors Group through a Bermuda-based company. When it was investigated, it was found that the deal had involved a R1-million interest-free loan to the Abramson-Pegg partnership for almost a year. The net result of the Morgan-Grampian deal had been that while the South African Government made R2-million, the partners had netted a cool R1-million apiece.

The partners had also, it was reported, used profits from loans guaranteed by the Department to set up their publishing empire in France. In December, the *Star* reported that a new magazine was launched in Paris and Pegg and Abramson had acquired, or attempted to acquire, another. The magazines were *Vacances*, which they had started, and *Marie Nouvelles*. The French magazine operation was not part of the Hortors deal, but functioned separately under the control of Business Press International, a company that Rees had investigated months before and which had links with Thesaurus Continental Securities Corporation in Switzerland.

To further complicate the task of journalists investigating the deals, it had also become clear that Government funds were sent abroad and converted into securities rands. (These were the proceeds of sales of South African assets by non-residents and were traded freely in an international market. Securities

rands could be bought at between 60 and 70 American cents to the rand, compared with the official rate of \$1.15.)

Stephen Mulholland, then financial editor of the *Sunday Times*, wrote: 'This meant that to acquire Hortors cheaply, the Government loan was used to buy American dollars which were then converted into securities rands—and that meant a direct loss to foreign exchange reserves of about \$4-million.' The shares in Hortors were later held by the Pretorious Committee.

But there were other interesting links with Abramson and Pegg. Abramson disclosed from London that he and Pegg had managed the magazine *West Africa* on behalf of the Department, which he said had owned the magazine at one stage. The claim led to turmoil at the magazine and its editor, Kenneth Mackenzie, a former South African journalist, resigned in protest while its management denied the Abramson statement. Conflicting versions of the acquisition followed. Later, Rhodie was to maintain that the Department had been involved in the magazine. He stood by Abramson's claim that R168 000 had been paid into a Geneva bank account.

Another name also cropped up in the transaction—that of Arnon Milcham, the mysterious Israeli who had, Rees discovered, bought Rhodie's Plettenberg Bay apartment.

But that was not the end of the Abramson-Pegg network. Yet another connection emerged in the Rand Supreme Court months later when Harry Merx, a 'mysterious' Hollander and retired banker and known to be a close friend of Dr Rhodie's, sought payments of dividends of R293 000 from Escom as well as dividends totalling R501 000 from Iscor.

It was stated in papers before the court that Thesaurus Continental Securities, a subsidiary of the Union Bank of Switzerland which had been created as a conduit for secret fund movements for the Department, had lent Merx R3 051 173 to buy Escom stock in a securities rands' deal. Merx claimed that he was the sole beneficial shareholder in Maria Lecina Incorporated, a Panama-based company, which in turn controlled Royal Holdings, which acquired the Escom stock as well as the majority of shares in Empisal Holdings.

Merx said he had been advised by Abramson and Pegg that he could acquire securities rands at a discount of up to 40 per cent.

Merx's court application was opposed by the South African Government. It was counter-claimed that Merx was not the true owner of the company owning the stock of Empisal Holdings, but that the company owning these assets was controlled by or had as its beneficial shareholders, David Abramson and his partner, Stuart Pegg, both of whom had left South Africa.

At the time, Rees and Day did not know this and could not confront Rhodie as to why he had been behind the loan to Merx, a man whom they had established to be one of Rhodie's French Riviera associates. 'Why had Thesaurus lent Merx more than R3-million?' they asked themselves.

What also emerged in this court application was the number of Info-linked companies operating out of Bermuda—companies such as Alpane and Danel,

the names of which had been given to Rees in mid-1978, but the significance of which he had not been able to establish. When he had been in the United States in November, he had tried unsuccessfully to penetrate the Bermuda banks for details of the transactions.

But in the Merx application, one other name also surfaced—that of Beurt Servaas. In an affidavit, it was stated that Abramson had claimed to be acting as an agent for Royal Holdings, behind which stood two overseas businessmen, Peter Berry and Servaas. When Rees read this, it was the first indication of a positive link between Rhodie and a man known to have been associated with the CIA.

Rees's dossier on Servaas was a fascinating one. Not only was he the owner and publisher of the *Saturday Evening Post*, but he had strong ties with South Africa and the central figures in the Information scandal. One of the first so-called 'foreign investors' in the *Citizen*, he had been positively identified as a former member of the CIA. He was also a director of Afri-pix, the Hortors company that had been launched to set up a world-wide photo news agency which would supply propaganda photographs to the world's Press. Servaas had also been named in Parliament by Mulder in connection with monies paid to the *Saturday Evening Post* for services to the former Department of Information. In a book entitled simply *Spooks* and published in the United States, Servaas was described as a mysterious former CIA officer who took over a firm called International Investigators Incorporated, also known as 'Three Eyes'.

The book told how the firm comprised detectives drawn from the US Federal Bureau of Investigation and how some of its employees left to join other companies in Saigon and Venezuela which were to provide covers for the CIA. 'Servaas claimed that the firm was virtually defunct by the middle of 1965. Indeed, it consisted only of Servaas himself and another ex-CIA officer, James Hannon Meyer, formerly district commander of the CIA's Office of Central Intelligence on Formosa. After the arrival of new recruits, Servaas changed the name to the less conspicuous 904 Realty Company, conducting its operations from a seemingly private residence in a suburban neighbourhood. In fact, the house was the new company's offices, and according to one of the firm's former employees, it was filled with sophisticated electronics equipment of every kind.' The book went on to say that Servaas' agency was liquidated the following year.

Another CIA link, though somewhat tenuous, that Rees established with the Department of Information's secret projects involved Richard Mellon-Scaife, a wealthy American who had an interest with John McGoff in the *Sacramento Union*. He had been involved in the CIA through World Forum Features, a London news agency identified as a CIA front. The discovery of the two men's CIA links added a new dimension to the Information probe and raised the question of whether the CIA was not, therefore, aware of some, if not all, of the Department's operations in Europe and the United States.

In explaining the significance, Rees wrote in June 1979:

Newspaper investigations into World Forum Features in London date back several years.

The British Press disclosed in 1975 that it was a CIA front used to plant pro-US features in the European Press.

It had been set up in 1966 by a rightwing British journalist, Brian Crozier, who later denied the claims of CIA links, and was purportedly owned by Kern House Enterprises, headed by the former US Ambassador to Britain, John Hay Whitney.

In 1967 the *New York Times* disclosed that the John Hay Whitney Charitable Trust had taken \$325 000 from a CIA front organisation, Granary Fund of Boston, during 1964–65.

In January 1973, Kern House was taken over by Richard Mellon-Scaife, said to be heir to the Gulf Oil fortune and director of Mellon National Bank, Pittsburg, Pennsylvania.

In May 1975 Scaife suddenly closed World Forum Features, apparently because of 'financial drain'.

It was widely reported that the closure took place in anticipation of Press disclosures about CIA involvement. Shortly afterwards, the British Press published inside material on WFF, including an internal CIA memo to the CIA director, Richard Helms, describing Forum as having 'provided the United States with a significant means to counter communist propaganda'.

The memo is said to have carried a footnote saying Forum was run with the knowledge and cooperation of British Intelligence.

After the collapse of World Forum Features, Crozier set up a rightwing thinktank called the Institute for Study of Conflict, which took over the agency library.

Two South African journalists, Gordon Winter, who later returned to South Africa and figured prominently in the Jeremy Thorpe case before joining the *Citizen*, and Cecil Eprille, former editor of *Drum* and *Post*, worked for World Forum Features.

The Institute for Study of Conflict is also believed to have had close research links with another Information front, the Foreign Affairs Association, as well as links with the London-based Foreign Affairs Research Institute, which was funded by the Department of Information.

In June 1978, the Foreign Affairs Research Institute and the Institute for Study of Conflict, together with the US National Strategy Information Centre, jointly sponsored a conference in Brighton attended by delegates from Britain, the Far East, Western Europe and America.

Many were said to have intelligence connections.

Among the American delegates was Mr Richard Mellon-Scaife and among the South Africans were the former head of the South African Defence Force, Admiral James Johnson, Cas de Villiers and Jan du Plessis of the

Foreign Affairs Association, Gideon Roos of the SA Institute of International Affairs and Dr Jack Penn.

But the Abramson-Pegg activities did not stop there. They had also tried to buy *Drum*, the black magazine circulating in South and East Africa. Using a respected London front, Christopher Dolley, they approached the owner of *Drum*, Jim Bailey, son of the mining magnate the late Sir Abe Bailey, who is also a director of South African Associated Newspapers.

Abramson, according to Bailey, sent Dolley to him in about April or May 1977. Dolley, not only former chairman of Penguin Books but also on the main board of the *Daily Mirror* in London, told Bailey he was representing a Bermudan company, Danel Limited. He said their main operation was based in Paris and that they were interested in developing trade magazines in West Africa. 'He intimated that he had lots of money and that he wished to publish in Africa', Bailey later told newspapers.

Negotiations broke down until June 1978, when discussions restarted. When Bailey asked for an assurance that Dolley was not acting on behalf of the South African government, it was given immediately. 'Two days later I was told that if I did not sell, I would be faced with competition from a magazine which had unlimited funds behind it', Bailey said. The offer he had received was for R615 000.

'On the same day that an injunction was served on me in London to prevent me from increasing *Drum*'s holdings, Abramson suddenly popped up in Johannesburg and admitted that he was buying me off. When the Information scandal broke in South Africa, I realised the dimensions of the operation and it all became clear to me', he said.

Later, Abramson and Pegg launched *Pace* through Hortors and a circulation battle ensued between the two magazines. Ultimately, Hortors was to decide to sell the rapidly growing magazine.

And so the Abramson-Pegg financial jigsaw puzzle pieces had fallen into place and again, Rhodie's choice of front men was difficult to understand. Merx, the retired Dutch banker who lived in an apartment next door to Hubert Jussen, of *To the Point* fame, in a building in Cannes; Arnon Milcham, the mysterious Israeli; Servaas, the former CIA man who was listed as a director of the *Citizen*; J'acov Y'annay, an Israeli who was a director with Abramson and Pegg of Marwoud Holdings BV, the company that took over Hortors, and who hosted Rhodie's sea-diving trips to Israel; John McGoff, of *Washington Star*, UPITN and *Sacramento Union* fame—not to mention his chain of Panax newspapers; van Zyl Alberts, publisher, film-maker, financier. The list was never ending . . . Rees and Day were reeling when Rhodie left them that day, promising to return the following morning to continue his disclosures.

'Naive and half-baked projects ...'

The next day, Rhoodie did not offer to tie up the loose ends of the Dutch/Israeli/American and South African connections. But what he did explain was how it had been his intention to broaden the base of the publishing empire being established by the two Johannesburg financial 'whizz-kids'. 'We had intended to get control of the *Investors Chronicle*. It fell through, mainly because we did not come up with the balance of the money in time. For that I blame Vorster who held up the payment. It cost us R75 000 as a result. Then we had to settle for obtaining a 50 per cent share in the *Investors Review* in London', Rhoodie explained.

After that, it had been their intention to buy one of the major Fleet Street newspapers. Having failed with an earlier plan to buy the London *Daily Express* in 1975, the Information team intended to get control of the *Evening Standard*, *Guardian* or *Observer*.

Rhodie confirmed, too, that they had their eye on American publications—both big and small. One that they considered buying was the New York newspaper, the *Trib*.

Leonard Saffir, publisher of the *Trib*, and a former aide to Senator James Buckley, the man defeated in 1976 by Senator Daniel Moynihan, told Info investigators that he had been approached by John McGoff.

He had first met him in November 1977 on the recommendation of banker Richard Mellon-Scaife—the same Scaife who took a 50 per cent stake in Sierra Publishing, the *Sacramento Union*-led group of California papers bought by McGoff out of the funds given to him to buy the *Washington Star*.

Saffir said he had been aware of McGoff's unsuccessful attempt to buy the *Washington Star*, but knew little else about him. In December 1977, Saffir received several calls from another go-between, Gerald Zoffer, who described himself as an investment banker and writer. He met Zoffer, who told him that money was no problem 'since it is available from a foreign government'. Saffir said that he subsequently identified the government as South Africa and was given the assurance that it would never come out because 'we have a way—John McGoff. He will make the actual investment.'

Saffir broke off negotiations in January 1978, fearing that disclosure of the South African connection would kill the newspaper and because he did not

want to give up control. Saffir's last contact with the South African negotiators, he said, had been on 31 January 1978 when the *Trib* had already started printing. The *Trib*, desperately short of funds, closed after only two months.

Saffir claimed that the attempt to gain control of the newspaper had been to combat the influential *New York Times* and that when he had warned that the cost to cover the newspaper for the first six months could top R8.5-million, the go-between had 'not even blinked'.

But just as Rhoodie had plans for his publishing empire in Europe and the States, so had he envisaged a network of publications in South Africa.

Already he had the *Citizen*, *To the Point* and *Pace*. Through van Zyl Alberts the Department also had an interest in another black magazine called *Hit*. Now Rhoodie planned to start a moderate black newspaper in Bophuthatswana. A budget of R100 000 was set aside. Rhoodie said there would be a joint control over the newspaper in the form of shares held jointly by the South African Government and the Government of Bophuthatswana. 'Eventually we hoped to extend this newspaper into a chain of four others which would cover areas such as Soweto, Durban, Port Elizabeth and Pretoria, but by this time the Department's activities were being exposed. I don't know what has since happened, whether or not the whole programme was or is to be carried out', he said.

Rhodie explained that the idea behind controlling black newspapers was to take a line that would encourage blacks to accept the private enterprise system, as opposed to the socialist systems that most African countries had adopted. He used this argument in persuading businessman Abramson to front for him in the takeover bid for *Drum*, and later when *Pace* was established under the Hortons umbrella.

While Rhodie talked, it occurred to Rees that after his many months of research into the Information Department's affairs he had naively thought that he knew more than most about just how extensive the covert operations were. But here was Rhodie telling of projects that had not even been whispered about previously; what was emerging from Rhodie now were the hidden two thirds of the iceberg.

Rhodie suddenly switched to details of the Department's Scandinavian operations—a scheme that included the financing of a political party in Norway that held four seats in the Storting, the Norwegian Parliament.

Although he could not remember the name of the party or its leader to whom had been handed R10 000, he recalled that Vorster had taken an interest in the progress of the party and had often asked how it was doing. Rhodie recalled that when Vorster was first told of the project he had laughed out loud—the first time Rhodie had ever heard him do so.

Later, newspapers in Europe were to report that the Norwegian who had headed the party was a Mr Ambers Lange, a rightwing member of the Norwegian Parliament who visited South Africa as a guest of the Department of Information late in 1972. (Rhodie subsequently confirmed this.) Until its

defeat in Parliament in 1977, the party was said to have consistently defended South Africa and was the country's only influential friend in a hostile Scandinavia.

Almost a year after his election, Lange dropped dead from a heart attack as he was running to catch a bus outside the Storting. Rhoodie confirmed that some of the money given to the 'Norwegian front' had been used to help finance Lange's fortnightly newspaper, *Ambers Lange's News*.

Of the Department's activities in the United States, Rhoodie described how South Africa had played a financial role in the defeat of two senators who had been hostile to South Africa. Rhoodie, who said he would have to refer to his documents in Europe before identifying the senators and the years in which they were defeated, said he had no proof of the engineering of the defeat of the two men—other than the details given to him by the people the Department paid to do the job. 'They had told us that the men would be defeated—and they were. We had to accept that they had had a hand in it', Rhoodie said.

Rhoodie never did identify the senators from his documents in Europe—but newspapers in the United States and Britain were later to conclude that the 'victims' were Senator Dick Clark and Senator John Tunney.

The newspapers alleged that \$250 000 had been spent on securing Clark's defeat in an Iowa election in 1978 and \$120 000 were spent in contributing to the defeat of Senator Tunney in 1976. The senators who defeated the two men denied any knowledge of South African involvement in their election victories.

Rhoodie said that other operations in the States included the financing of two investment seminars on South Africa. In the one, former secretary of the US Treasury, William E. Simon, was paid more than R8 000 for a 30-minute address in which he talked about gold and investment possibilities in South Africa.

In the other, former President Gerald Ford was paid about \$10 000 to address a businessman's seminar at a Houston hotel on trade with South Africa, a seminar that was said to have cost 'a fortune'.

In another Info project in the States, Rhoodie engaged a young lawyer, Don de Kieffer, of the firm Shannon, Collier, Hill and Edwards, as official South African lobbyist. Rhoodie said de Kieffer was paid R1-million over five years up to March 1979 and managed to arrange meetings between South African politicians and prominent American senators—including Senators Ted Kennedy, Byrd, Muskie and Power—and with many congressmen. De Kieffer also warned the South African Government when legislation was being planned which could affect the Republic.

A further R500 000 was paid to the American public relations consultant, Sydney S. Baron—code-named the 'Red Baron'—to promote South African interests in the United States. Among the company's employees was a black political advisor, Andrew Hatcher, who had been a press secretary to the late President Lyndon Johnson and had valuable trade union links.

Rhoodie also revealed that one of his most successful projects had been with the prominent American financial magazine, *Business Week*. From 1975 to 1978, he said, the magazine carried a special supplement on South Africa once a year. It was written by *To the Point* writers who did not realise that the Information Department was behind the deal. The supplement was supported by heavy advertising, but for three years Rhoodie paid out R300 000 a year. He added that with 26 000 letters in response to the first supplement, he had been well pleased with his investment.

Rhoodie said another of his aims in the secret projects had been to identify future leaders in different countries—and one such person had been the present United States President, Jimmy Carter, whom the Department of Information had featured prominently in its annual report in 1975. He confirmed that money had been contributed to Carter's election campaign in New York State, but said it had been for a relatively small amount. This contribution had been made through one of the American groups working for South Africa. Later Richard Walker, the *Mail's* man in New York, wrote that both President Carter and Senator Daniel Patrick Moynihan, the former UN Ambassador, were among a score of American politicians who had received cash from South African lobbyists in recent years. The Carter contribution, he wrote, had been for an amount of R855 and had been paid by Sydney Baron in March 1976, quite early in Carter's run for the White House. Former ambassador Moynihan received the equivalent of R256 from Baron in 1977.

Walker added: 'Democratic Party coffers also benefited by about R2 150. Contributions were mostly in the R170 to R450 range—minuscule in relation to the millions of dollars spent in US electioneering—and those who benefited included several who failed in their run for office.'

Rhoodie then talked of the 'Atlantic Council', a project launched to counter the 'leftist tendencies' of academically respected bodies such as the American Council on Foreign Relations. Again Rhoodie could not provide full details without his documents, but months later he was to elaborate on the project in his interview with Dr Ferry Hoogendijk, editor of *Elseviers* magazine. Rhoodie said in that interview that the Atlantic Council had been the brainchild of an American academic, Professor John Hutchinson, of California.

A former judge, Professor Hutchinson visited South Africa in 1977 and spoke of the communist threat to the western world. He planned to establish the Atlantic Council to balance the leftwing influence of established academic groups, and in particular the Council on Foreign Relations' quarterly magazine, *Foreign Affairs*.

Rhoodie claimed that in November 1977 he met the then Prime Minister John Vorster, the Minister of Finance Senator Owen Horwood, and Dr Connie Mulder to discuss ways of using the American professor to further their propaganda war. Senator Horwood then signed authorisation in April 1978 to spend R280 000 on establishing a head office in London and a branch office in New York.

A document published in *Elseviers* claimed to be an extract from a recent South African Government survey of the projects and carried this entry: 'Professor John Hutchinson, Atlantic Council G-93. This involves the establishment of a department for South Africa as well as a head office in London and a branch office in New York. The organisation has already listed co-workers such as Lord Carrington.' Rhoodie said the document was compiled after his resignation and showed that R280 000 had been budgeted for the 1978-79 financial year.

Two other organisations that were fronts for the Department and which had been used to bring Americans and other prominent opinion formers to South Africa, Dr Rhoodie continued, were the Foreign Affairs Association run by Cas de Villiers in Pretoria and the South African Freedom Foundation, run by former SABC commentator, Red Metrowitch, in Sandton, outside Johannesburg.

Rhoodie said that in his opinion both had served important functions, not only in their guest programmes, but also in the dialogue they had created. Numerous books and other publications which highlighted South Africa's strategic importance, had also been produced by off-shoots of the organisations, such as Visual and Valiant Publishers, also based in Sandton City.

Rhoodie also confirmed that the Committee for Fairness in Sport, an organisation in which Louis Luyt, Gert Wolmarans (at one time Luyt's public relations consultant) and Leslie Sehume (a black sports writer) had been involved, was a front organisation. It had been started, he said, to fight for South Africa's continued participation in international sport and someone like Sehume had travelled extensively overseas talking about the integration of sport that was taking place in South Africa.

Now Rhoodie said: 'I can tell you about certain other operations that were not mine. Some I know to be true—others I heard from top people in the Government, friends of mine, people who knew what was going on. Bear in mind, too, that as Secretary for Information, few secrets were kept from me.'

The first of these disclosures involved South Africa and Mozambique. Rhoodie said Vorster had been eager to cement cordial relations with President Samora Machel and his post-colonial Frelimo government.

But the Minister of Defence, P.W. Botha, he said, had favoured a secret campaign to unseat Machel. Rhoodie claimed that Botha had ordered his military personnel to supply arms and assistance to a group of counter-revolutionary guerrillas operating against Frelimo from a base near the Komatipoort border post. To put a stop to the operation, according to Rhoodie, BOSS immobilised the military equipment sent by Botha at Nelspruit and Komatipoort.

The conflict between Vorster and Botha was further highlighted in Rhoodie's account of Operation Chicken. Having withdrawn South African Police units from Zimbabwe-Rhodesia, Vorster made a public statement that his country was in no way involved in the Rhodesian struggle. Later, Rhoodie said,

Vorster put a stop to a plan by P.W. Botha that would have involved South Africa in Zimbabwe-Rhodesia again.

After the Mozambique débâcle, South African Railways began secret repairs to the Mozambique rail system. While South Africans carried out work they were guarded by Frelimo soldiers against attacks by other Frelimo supporters who had not been advised of the secret dealings with Pretoria, Rhoodie said.

At the same time, Rhoodie claimed, there were daily flights between Johannesburg and Maputo carrying technicians to repair the harbour installations there.

Rhoodie later told *Elseviers* that there had been a secret gold deal with President Machel. South Africa paid the wages of workers to the Frelimo government in gold at the official price. President Machel was then able to sell the gold on the open market at three times its official price and ensure a handsome profit.

Rhoodie then told of Operation Cherry, a project jointly undertaken in South West Africa/Namibia by the Department of Information, the South African Defence Force and the South African Broadcasting Corporation, which involved a radio propaganda war to demoralise Cubans working with Swapo and build up the morale of local blacks.

(When Rhoodie's disclosures first appeared in the *Mail*, he mentioned Operation Cherry in passing without identifying it or giving any detail. At the time General Magnus Malan, through a spokesman, said: 'The accusation by Dr Rhoodie is untrue. The South African Defence force and the then Department of Information were never involved together on secret projects. There is, however, one single sensitive operation conducted by the South African Information Service with the support of the SADF and this is still being carried on. This project was one of those agreed to by the present Cabinet after reconsideration.')

Another project Rhoodie said he had been told of involved two members of the Japanese Diet (parliament), whom he said had been paid to help gain their cooperation with South Africa in regard to labour unions.

In Buenos Aires, Rhoodie enlisted the help of Harry Muller to get pro-South African ideas published in the local Press. Muller, president of the Argentine-South African Chamber of Commerce, used R140 000 from Information funds to get 800 pro-South African reports published in the Argentine's major newspapers in 1977. According to Rhoodie, it was on Muller's own initiative and not on South African instructions that payments were made to reporters to publish favourable stories on the Republic. 'When I heard about it, we terminated our dealings with him', Rhoodie said.

One of the personalities whom Rhoodie most admires is Professor Chris Barnard, South Africa's pioneer heart transplant surgeon, who undertook to help the Department in the travels that followed the world's first heart transplant in Cape Town.

'Professor Barnard is the kind of true patriot South Africa needed. Here

was a man who was vehemently opposed to many of the National Party Government's policies, but who was prepared to do many things to help his country in the broader national interest', Rhoodie said.

'Quietly and at his own expense Professor Barnard travelled the world, and whether he was meeting with presidents of countries or kings, he shared the overall view that there could be accommodation between Indian, coloured and white. He was very much against the petty rules and regulations and apartheid and that sort of thing.

'He could not get the South African Government to follow through on the foundations that he laid—through his extensive visits to the Middle East, for example.

'Eventually he went to Mr Vorster and complained.'

Rhodie said Professor Barnard had not profited in any way from his patriotism. He had been able to open doors around the world and yet the South African Government had not capitalised on his unique abilities.

Rhodie, in his subsequent disclosures to *Elseviers*, revealed that Professor Barnard's most significant role was in dealings with the American trade unionist, George Meany.

'When former East London newspaper editor Donald Woods seemed on the verge of success in persuading Meany to support a trade boycott against South Africa, Professor Barnard was given his major part to play. He agreed to cooperate only when he was assured that black leader Robert Sobukwe's children would be allowed to attend their father's funeral at his (Barnard's) expense without police harassment. I arranged this with lightning speed', Rhodie said. Then, with the assistance of Sydney Baron, Barnard met with Meany and persuaded the trade unionist to send a delegation to meet South African trade union leaders. But this too was doomed to failure.

'When I told the Secretary for Foreign Affairs of this meeting, Dr Mulder received an angry letter from the Minister of Labour. He complained that he had been trying for years without success to make contact with Meany and that these efforts had now been thwarted by the actions of Barnard and myself. At times like that, I did not know whether to laugh or cry', Rhodie said.

Rhodie, in a bitter attack on South African financial, industrial and commercial institutions for their lack of support of the 'open' propaganda war, described to Rees and Day his frustrated attempts to get donations from the private sector—donations, he said, which would have made it unnecessary for the Government to embark on many of the clandestine projects that were to cause such embarrassment.

'I heard so many times Afrikaans business leaders and so on expressing their feelings of patriotism, but they never put their money where their mouths were.'

Rees: 'What you are saying is that if companies like General Mining, for instance, had come forward with more money, you would not have had to lie and deceive so much?'

Rhodie: 'Precisely, and that is a point I feel very strongly about, that if a major South African company with vast profits had made a proper contribution, then perhaps half of these projects may never have been undertaken.'

Dr Rhodie said that for five years he pleaded with Afrikaans organisations to help him. 'In fact I said once that if you take the Afrikaners as a group, that is 2-million Afrikaners, their contribution to the Information effort by way of taxes is two theatre tickets once a year. But if it was to include both overt and covert budgets as well it would simply have meant that the average Afrikaans family—a man and wife and two children—would have had to give up going to the cinema once a year.'

'And *To the Point*. Can you tell us about your role there—did you really leave the Department to take up the post of assistant editor?' Rees asked.

Rhodie confirmed that it had been secretly financed by the South African Government, but said the financial detail had been handled by Hubert Jussen himself. 'I did leave the Department, but my role at the magazine included acting as a liaison between the magazine and the Government, making sure that we followed through on official policy', he said.

Rhodie described in detail how the concept of the magazine had been first suggested by Jussen in Holland and how Rhodie had then conveyed the concept back to Pretoria, which led to Jussen having discussions with Vorster.

Rhodie admitted that he had misled the Press Council in an affidavit. The Council had, as a result, found against newspapers that reported that *To the Point* had ties with the Government. 'You can tell the *Sunday Express* I apologise', he said, when asked whether this had not been a miscarriage of justice. Later the Minister of Foreign Affairs admitted that *To the Point* was a secret fund project, but said it would be continued with open government support. Both van Zyl Alberts and Jussen severed their links with the magazine and Jussen left his luxury Sandton home and returned to Europe.

Rhodie also told Rees and Day how he had organised pressure groups in France and Holland and financed an organisation in the United States known as the 'Americans Concerned with South Africa Group'.

Then he gave full details of the emergency fund he set up in the Department so that front people whose covers were blown could be supported in future. He admitted not having told Mulder of property investments he had made, but said the decision to start such a fund had been taken and approved by Mulder. When Rhodie sought advice as to how best to invest the money against the day that he might have call upon it, he was advised by leading economists to invest in property. This had led to the purchases of properties stretching from London, Miami and Cannes to Cape Town. In addition, the Department had also owned other properties such as a house purchased in Soweto for Leslie Schume, of the Committee for Fairness in Sport, and a house that was the headquarters of the Foreign Affairs Association in Pretoria. They had also financed the house which was the headquarters of the Christian League of Southern Africa.

In France, he said, they had planned to buy *L'Express* and *Paris Match*, but this had failed. Other newspapers and magazines with which they were involved, however, included *Courier Astral*, *Université Libre*, *France Eurafrique* (later denied by the newspaper), *Le Monde Moderne* and a mayoral newspaper the name of which he could not remember, that circulated to mayors throughout France.

He said the Department had also secretly aided institutes such as the University of Potchefstroom's Institute of International Affairs, the Institute for Strategic Studies and the Institute for the Study of Plural Relations. It had also helped finance an International Jaycees world congress held in South Africa several years before.

Rhodie said that other projects had included paying a South African Cabinet Minister, Marais Steyn, for translation services as well as another member of parliament, Chris Rencken, who was at the time a political commentator on the SABC; he gave details of the role of Heinz Behrens, the Department's public relations consultant in Germany, together with other secret projects that were to have taken place in Germany; he told of secret surveys conducted in South Africa into the attitudes of urban blacks, coloureds and Indians—surveys which would embarrass the Government if they were to be made public.

The Department was involved in organisations such as the Amis-des-communautés France-Sud Africaines and the French-South Africa Chamber of Commerce; plans to buy television stations in London and New York; plans to buy the Mutual Broadcasting Corporation in the United States which has between 1000–2000 radio stations. (Rhodie said the cost had proved to be prohibitive, even for his Department's secret funds.)

Rhodie did not elaborate on the disclosures already made about John McGoff, his attempt to buy the *Washington Star* and his purchases into UPITN and the *Sacramento Union*. 'The details you obviously already have. I might just confirm that these were projects . . . except that McGoff bought into the *Sacramento Union* without our knowledge. This happened after the *Star* project fell through. Some of that money went to UPITN—for whom we at one point organised an exclusive interview with Vorster. I told Vorster not to worry about the questions they would ask as they were partly owned by us. They also did a few programmes on South Africa's strategic importance and the Defence Force', he said.

Rhodie added that while McGoff had returned most of the *Washington Star* money, South Africa had suffered a loss. 'It was either R1-million or \$5-million—because of currency changes. It depended on whether you calculated it from the States or South Africa.'

Rhodie's final project disclosure was the fascinating story of how he almost met the Pope in Rome. Rhodie's foot-in-the-door diplomacy knew no bounds. The South African Government had been complaining about the young Catholic Church movement's involvement in some political issues and was

particularly incensed by the militancy of young black priests. Rhodie thought about this for a while and suddenly came up with his answer to the Government's problem: he would go to the Vatican and see the Pope.

Making use of the Sydney Baron lobby link in the United States (the company had very strong Catholic connections), Rhodie arranged for an interview with the Pope. However, when he visited the Vatican, he was told that the Pope could not see him—but would he talk to a senior cardinal instead? Yes, Rhodie said, he would be delighted.

'I told the Vatican that I knew its policy was that the Church should not interfere in local politics. I said that this was not being observed in South Africa, where the Church was taking an increasingly active part in black political issues. I suggested that the Vatican should order a halt to this, because it was contrary to its policy.'

Day: 'What was the reply?'

'I was told that the situation in South Africa was such that it was difficult to distinguish between political, socio-economic and religious matters and, therefore, no order would go out.'

Once again, Rhodie had got through the door—but this time the sales pitch did not succeed.

Rhodie stopped and looked at the journalists.

'Those are the projects that come to mind. They are the ones I can talk about in detail. There are others, but those projects I'll never talk about. South Africa could not survive them . . . the ones I've told you about, South Africa can survive their exposure, even if it is embarrassing. The other really sensitive projects must not come out. However bitter I may feel about these people who have turned against me, I am still a South African. I still have family there. No, there are certain projects I cannot talk about, not under any circumstances.'

'If I were to meet with a sudden accident or be killed in strange circumstances, that would be a different story. If they killed me I would have nothing to lose . . . all the secrets could then come out as far as I am concerned.'

Rees and Day were staggered by the scope of Rhodie's activities and the millions of rands that had passed through his hands. How, they asked themselves, was it possible for one man to retain all that detail in his head? No wonder things had gone wrong. Just running the Department of Information would have taxed the strength of any hard-working man. Here was Rhodie, a former journalist like themselves, who managed not only to run the Department, but also to conduct all the secret projects. And still he had found the time to write books, deliver speeches throughout the world, and coordinate an entire country's media relations and political trends.

Rees realised, too, that Rhodie had barely touched on the dozens of South African front organisations and people who had been drawn into the secret activities. People like van Zyl Alberts with his multitude of links with the Department, such as in publications, films and properties.

Casting his mind back, Rees thought of the various companies that had been

linked to the Info scandal and investigated over the months ... companies such as Thor Communicators, Homerus, Vrekver Farm, Lotandanya, Valiant and Visual Publishing companies; Xanap, Craft Press; S.A. Today, Alfeskor Trust, Konsortium Vandag, Alfeskor Teaters, Ma-teater, Afri-Comics, Afri-Mirror, Heyns Films, Louis Luyt Group (Swaziland), Film Trust, C.J. Weyers Pty Ltd. The list was never ending as were the people involved, either directly or by association. In terms of what Rhodie was now telling them, they seemed insignificant.

Rees and Day were amazed at his stamina and memory. When questioned, he handled himself well—as the journalists expected of a man who had had to sell South Africa for all those years. But he also had the advantage, and he knew it. They had no way of knowing whether the detail he was giving was entirely accurate, or whether he was simply glossing over certain areas. Areas such as Israel ...

When they questioned him on the morality of what he had done, his whole concept of dirty tricks, Rhodie said the means had been justified in a world that was filled with hypocrisy.

'But why, then, having done the things that you did, are you so shocked when you find yourself on the receiving end—almost an exile?' Rees asked.

'Because, in the end, those people that I trusted and who knew what I was doing, they let the secrets come out and then they dissociated themselves from them.'

Rhodie was also bitter because he and other people involved in the projects had believed that they were protected by the Official Secrets Act, and had expected the Government to protect them. 'When we discovered that we had no protection, General van den Bergh, in trying to stop newspaper disclosures, warned newspapers that they could be prosecuted because some of the projects fell under his Department. In fact this was not the case, they were all Information projects.'

Rhodie said that was why he now felt he could equally go ahead with his disclosures. 'They were never official secrets. They had absolutely no protection by law or from any of the people who allowed the leaks to take place—people like the Auditor-General, Gerald Barrie. From the moment he started going into our affairs, the leaks started simply because he took no security precautions. That was why I did not want anyone to have access to the papers in the secret section.'

Now another complication arose. Rhodie had not been able, despite his remarkable memory, always to recall all the amounts involved in the projects. Nor had he been able to recall the correct names or titles of the front organisations and publications.

Sometimes he would also qualify his account with 'Don't forget, I was not always involved in the fine detail. I had the overview and I left the actual running of many of the projects to people like my brother and Les de Villiers!

'We'll sort it out in Europe. I've got most of my documents there. I may

not have all my files from Pretoria, but what I do have is enough. I have the total summary of all the secret projects, together with their 'G' numbers and a brief description of the project and the amount spent on it up until 1978', Rhodie stressed.

When Rhodie left the journalists at the end of each session, Rees and Day would analyse the day's disclosures. Hundreds of questions would arise. What was the point, they asked themselves, of buying newspapers and magazines all over the world such as the *Citizen* and *Morgan-Grampian* if, as Rhodie claimed, they did not exert influence over the editorial matter in the publications. It just did not add up; the benefits of owning these publications became meaningless, if Rhodie was to be believed. Or was he just naive, as Louis Luyt had suggested.

While Rhodie was disclosing details of the projects to Rees and Day, Pik Botha, South Africa's Minister of Foreign Affairs, was attacking the former heads of the Department of Information for 'having done South Africa incalculable harm with their naive and half-baked projects'.

Later the Government announced it was to continue and openly finance eight secret projects. The projects, with amounts spent on them the previous year, were: Institute for Human Rights, UNISA; Sydney Baron and Associates (R566 009); Institute for Strategic Studies, University of Pretoria (R10 000); Centre for International Politics at Potchefstroom University (R26 000); Institute for the Study of Plural Societies, University of Pretoria (R180 000); South African Freedom Foundation (R152 285); Heinz Behrens Company (R505 711). Pik Botha said the Department had, in the previous year, donated R370 000 in the names of members of the public to the Institute for the Study of Plural Societies.

It was also announced subsequently that the Government had terminated 57 of the projects which had been started by the Department of Information, but no details were given.

How was it possible, the journalists also asked themselves, that Rhodie had bungled so many of his attempts to gain control of publications. And in the final analysis, what had been achieved by the whole operation? All those millions spent, and to what purpose? As it had turned out, South Africa would now not be believed again as readily as before. Certainly, many of the country's friends would think very carefully before getting involved with South Africa in future if Rhodie went ahead with his disclosures.

Rees and Day wondered whether he would produce the proof as they prepared to fly to Europe ...

'You have my life in your hands . . .'

Before Eschel Rhoodie had finished his account of the secret projects, Chris Day had to return to South Africa via London at the end of February 1979, leaving Rees and Rhoodie in Ecuador to continue the interviews. After the interviews Rhoodie planned to go to Europe with Rees as 'hostage', and prepare for the international release of his life story.

And then the first of a series of events took place which knocked the train off the rails. Shortly before they were to leave Ecuador, Rees got a call from Rhoodie. 'Mervyn', he said, 'I can't go with you to Europe. I have to stay on here for about another week, seeing lawyers and others about a residence permit.'

They decided that Rees would go to London, where Rhoodie would contact him and they would meet in Switzerland or France, pending Rhoodie's decision on whether he was going to release his information. Rees and Rhoodie had now become friends. The hunter and the hunted had developed a bond—forged over spending days talking endlessly.

That friendship, however, did not stop Rhoodie from going to the Quito airport to issue a final warning: 'I still have very powerful friends in South Africa, and if you break that embargo you'll be in a lot of trouble'. The Rhoodie smile switched on quickly, he shook Rees's hand warmly and the journalist was on his way to London via Bogotá, Colombia—Caracas, Venezuela—Martinique—Paris. It was a journey Rees will never forget.

Here he was with the greatest scoop in South Africa's history—and there was nothing he could do with it, until the man he had hunted down over four continents told him he could publish. The undertakings he had given Rhoodie were as binding as any he had given Myrtle—or any other informant. At Bogotá, though, there were some moments when he thought he'd never be in a position to get clearance from Rhoodie.

He was due to stay overnight in the city and catch a connecting Air France flight to Paris the next day. But when he tried to go through immigration control he suddenly found himself surrounded by a number of Colombian soldiers carrying automatic rifles. Out of the babble of Spanish around him he gleaned that his South African passport was the cause of the fracas.

Rees was frogmarched by the soldiers into a small backroom. The equatorial heat was stifling. He couldn't understand what was going on and a big fellow

with a Zapata moustache was waving a finger in his face. Feeling like a character in a Graham Greene novel, Rees was finally rescued by an Air France official who explained to Zapata that the journalist would be leaving Bogotá at first light. After a bug-bitten night in a shoddy hotel, Rees left Latin America for London.

And when he got there, Rhoodie called him from Quito. 'You're not going to believe this, Mervyn', he said, 'but John D'Oliviera of the *Star* is here in Quito and wants to interview me.' Rees was stunned. His newspaper's biggest rival had one of their top journalists right on Rhoodie's doorstep.

Rhoodie said that he had the situation under control. The telephone traffic between him and South Africa out of Quito had obviously given his presence in Ecuador away, and he surmised that D'Oliviera—who had written a biography of John Vorster—had got a leak from a Government contact.

Rhoodie told Rees that he'd got an undertaking from D'Oliviera that if he did not reveal Rhoodie's whereabouts and did not publish anything substantive at that stage, he would get the full exclusive story later. He'd also pulled his old trick on the *Star* journalist, threatening action against him from his powerful Quito friends if the South African reneged on his undertaking.

Back in Johannesburg, Day nearly had a heart attack when the *Star* came out with: 'We've found Rhoodie'. The newspaper did not however disclose Rhoodie's whereabouts, nor did it publish anything more than a colourful account of D'Oliviera's meeting with Rhoodie. The pressures were now enormous, not helped by the fact that a senior staffer on the *Mail*, holding the *Star*'s banner headline, sneeringly asked: 'What's happened to the A team, Chris? Got beaten by the *Star*?'

Rees told Day from London that Rhoodie had left Quito the day after seeing D'Oliviera—and to all intents and purposes as far as the Press was concerned, had disappeared again. He'd phoned Rees and they arranged to rendezvous in Zurich, where he planned to discuss his position with the well-known TV journalist David Dimbleby. Rhoodie had met Dimbleby and BBC producer David Harrison when they made their film series on the Afrikaners, *The White Tribe*. Harrison was to recall that when he first met Rhoodie during the filming, Rhoodie had threatened to expel the film crew from South Africa.

With Sparks and Day biting their fingernails in Johannesburg, Rees flew to Zurich. There, standing in the sumptuous foyer of the St Gothard Hotel, was the familiar lean figure in the immaculate suit. Once again Rees walked up to him and said: 'Dr Rhoodie I presume?' They both burst out laughing, glad to see each other again. 'Mervyn, I want you to meet someone' and, like an excited child, he produced Katie.

The carefully groomed Menlo Park look about her had given way to something more haunting. The harrowing past few months seemed to have given her face a new, perhaps more attractive dimension. It was obvious from the way in which Rhoodie kept near her, touching her sleeve, taking her advice on all sorts of things, that he was devoted to her—and that he had grown

extremely dependent on her. All her forebodings about his work had come true, she'd been right, he'd been wrong. Her judgment was the thing to go by, his was shattered.

Rhodie went to Cannes, where he had arranged to meet Dimpleby and Harrison, where he was going to produce the documents he had locked in a bank vault to prove his case.

Dimpleby takes up the story:

'Throughout the time we had been talking to him about what he might say, and how he could substantiate it, information was mysteriously leaking back to South Africa. [Rhodie was in constant touch with General van den Bergh at the time.]

'David Harrison and our researcher, Mike Dutfeld, were waiting impatiently one Friday evening for Rhodie to return with the proof of the allegations he had been making. Instead they were told, by an apologetic Rhodie, that the lock on the bank's safe deposit had jammed, and the documents would not be available until Monday morning.

'The next week, however, General van den Bergh arrived in Paris with a man called Josias van Zyl, supposedly a millionaire Johannesburg businessman, and a deal was done. Rhodie was to promise not to disclose the secret projects. In return, van Zyl was to offer him a business consultancy which would secure his financial future.

'But what really happened? As in everything else about this murky affair it can be no more than informed speculation, but it seems that there were a number of pressures on Rhodie. [Van Zyl was later to say he had an agreement that involved buying Rhodie's silence for R500 000.] For one thing he seems to know too much for his own good. He had been entrusted, he said in an interview with us, "With some of the most important and sensitive secrets that South Africa ever had, secrets that I don't even want to hint at".

'It has been suggested that these could concern the relationship between South Africa and Israel, with arms deals. If he does know anything about these secrets, and if anyone had supposed he was foolhardy enough to consider talking about them, he would have risked becoming a target not only for South African but for Israeli hit men.' (It was suggested in the *Citizen* later that the PLO might assassinate him as he had ordered his lawyers to release the material in the event of an untimely death or disappearance.)

Dimpleby continued: 'Rhodie had therefore at an early stage to make clear what the secrets he was proposing to reveal were. In his words, "documentation summarising all the secret projects over the past five years, including the current projects, code numbers, code names, the file numbers, the amounts of money spent, names of people, the summary of the projects, who received what, the people who were directly involved in the field".

'All this would be acutely embarrassing to the South African Government, but not enough to warrant his removal.

'But the threat to reveal these secrets brought van den Bergh to France

to do a deal. Whether it was on behalf of the South African Government, or the secret Broederbond, or some other group of public-spirited Afrikaners is immaterial, because it worked. From Rhodie's own behaviour after this meeting it would appear to have been an offer he felt unable to refuse, threats on the one hand, money on the other.

'It was quite clear to us that he was no longer prepared to show us the documents he claimed to have.

'Instead he agreed to go ahead with an interview, talking about the projects, intended primarily as an attack on Vorster or Prime Minister Botha.

'At the same time he released the photostat of a photostat of a document apparently signed by Finance Minister Owen Horwood, sanctioning secret projects that Rhodie says he knew all about, but has now chosen to forget.'

If Rhodie was apologetic to Dimpleby, Harrison and Dutfeld of the BBC, he was abjectly so to Rees. 'I've decided to go along with the van Zyl agreement, Mervyn. I don't want you to publish the secret projects, except those that you know about from your own investigations. You can write all the rest of my story though. I want history to know the truth. I'm sorry to do this at the last moment, but you must understand what's at stake.'

Rees could sense the man's fear, sense that there would be nothing gained by trying to dissuade him. He was still honour-bound, he had to stick with the conditions that Rhodie had laid down.

And so Rhodie's story was finally told in the *Mail*—minus the secret projects. But still it rocked the South African public and the Government. For the first time Rhodie was telling his side of the story—and his photograph was splashed across the front page of the *Mail*, wearing a panama hat and feeding llamas in Quito.

The denials were not long in coming, but Rhodie countered the denials with further detail on a daily basis. Four days later Rhodie drove Rees to Nice Airport, parking a short distance away from the terminal where he would not be spotted. His parting gift to the journalist was an autographed copy of his propaganda blueprint, *The Paper Curtain*, and a threat. 'General van den Bergh told me the police could be waiting to arrest you when you return to South Africa, but don't worry. I've got a letter for you addressed to the Commissioner of Police, General Mike Geldenhuys, saying that you are not in possession of any of my tapes or documents', he said.

The two men shook hands and Rees flew home, not knowing whether he would be arrested when he arrived at Jan Smuts Airport.

As Rees was flying to Johannesburg, Rhodie phoned Day and told him what had happened. 'Chris, you have my life in your hands. You must not break our agreement', he urged.

Rees and Day continued with new disclosures from the Rhodie interviews over the following 10 days while Sparks flew to Switzerland to meet Rhodie, the man who had secretly tried to buy Sparks's newspaper. Within minutes they were on first name terms, but Rhodie was adamant. He would not produce

his documents, nor would he elaborate on unpublished projects. Sparks flew to London to develop another contact, an informant who provided the *Mail* with vital independent corroborative evidence relating to the secret projects, which enabled the *Mail* to publish some of the projects.

Sparks returned to South Africa shortly before Rhoodie was seen by millions of viewers on BBC television, interviewed by Dimpleby at yet another hideout in Europe.

His disclosures burst Muldergate wide open again; the Government, determined to show that it had no part in the van Zyl-Rhodie deal, said Rhodie could release whatever he wanted to. At the same time, they took away the passports of both van den Bergh and van Zyl—seizing van den Bergh's in a midnight visit to his home.

Minister of Justice Jimmy Kruger tried to stop South African newspapers, including the *Rand Daily Mail*, from publishing Rhodie's claims and comments about Kruger's involvement in the episode. The *Mail* had to leave blank spaces on its front page during the terms of an interim order granted against it—an order that was later rescinded by the Judge President of the Cape.

The Erasmus Commission brought an urgent night application against SAAN and the *Mail* to prevent further Rhodie disclosures from being published. The application was refused by Mr Justice Coetzee in the Rand Supreme Court.

Vorster then broke his silence and called a Press conference—an unprecedented action for a South African State President to take over a political issue. He said Rhodie was 'telling lies' and that he had threatened to bring down the Government. At the Press conference he stated that he had first learned about the *Citizen* project from Auditor-General Gerald Barrie's report in August 1977. The calling of the Press conference led to calls from the Opposition for his impeachment as State President. Then another complication arose for Vorster. According to the Erasmus Commission report, he said he had learned about the newspaper project from Loot Reynders in November 1977. Here was a clear contradiction—and this led to the Erasmus Commission changing its findings on Vorster's knowledge of the *Citizen*.

On 4 June 1979 Vorster resigned as State President. Olympus had fallen.

And in his final report, Judge Erasmus filled in the missing words from General van den Bergh's evidence which had caused such a furore a few months back. This was the passage of evidence the Commission released:

Van den Bergh: 'Mr Commissioner, I really want to tell you, that I'm able with my department to do the impossible. This is not bragging ... I have good men, I don't have weak men, I also have a few weak ones, but I have truly good people ... I can today tell you here, not for your records, but I can tell you, I have enough men to commit murder if I tell them, kill ... I don't care who the prey is. These are the type of men that I have ...'

27

THE TRIAL OF THE SUPER SALESMAN

'I'll wait for Eschel for ten lifetimes ...'

The international Press interest in Muldergate heightened considerably after Rhodie's appearance on the BBC, and his revelations being published by the *Mail*. Teams of investigative journalists on many of the world's major newspapers began uncovering the Rhodie network, and many of the projects became public property.

After the BBC interview, Rhodie went underground again—popping up from time to time to give a short interview here, another one there. He was seen at the Monaco Grand Prix, he was seen at the world heavyweight boxing title eliminator between the South African champion Gerrie Coetzee and former world champion Leon Spinks. The South African Government, it seemed, were making no effort to find him—or having found him, making no effort to extradite him.

Rhodie had been trying unsuccessfully to get a residence permit in a number of countries in Latin America—but by that time he had made the cover of *Newsweek* and nobody wanted him. He finally rented a modest apartment on the Côte d'Azur in the fashionable resort of Juan-les-Pins where he had gathered his family together to celebrate his 46th birthday. He had given a series of extensive interviews to the Dutch magazine, *Elseviers*, in which many of the secret projects were discussed.

The fee for the articles, it appeared, had been used to rent the apartment on a three-month lease. He'd put his name on the door, and was living openly as a tourist.

On 19 July 1979, Rhodie said 'so long' to Katie, Annemarie and Eschel junior—he was about to take his customary brisk walk along the promenade. As he left the apartment, French plainclothes policemen—they had been watching him for weeks and knew his routine—grabbed him, handcuffed him, bundled him into a waiting car and drove him to Nice where he was held in the police cells.

A few hours later he was taken to Grasse and put into the awaiting-trial prison overlooking the perfume capital. The prison was stifling in the mid-summer heat, crowded with drug abusers, pickpockets and drunks. Katie had been phoned and told that her husband had been arrested pending an application by the South African Government for his extradition to South

Africa to face eight charges of fraud, alternatively theft, involving money from the secret funds.

Katie went to Grasse to see her husband. She caught a train into Cannes, and then a bus took her 25 km to Grasse, where she climbed a steep hill up to the prison. She queued outside the prison door with the wives and families of other inmates to make an appointment to see Rhoodie. She went through this procedure several times over the next few days, to get half an hour with him.

Rees flew from Johannesburg to France and moved into a hotel in Grasse. 'How is he, Katie?' he asked as he met her standing in the straggling queue outside the prison.

'You know what he's like, Mervyn', she replied, 'He was very down at the start, but he bounces back. He seems more worried about me than himself.'

When Katie returned to the prison the next day, Rhoodie had gone. They said he had been taken secretly during the night to Marseilles where he was being held in the notorious Les Baumettes jail. He was kept there for several days and was transferred to Aix-en-Provence for his trial before three judges of the Chamber of Accusations.

Rees was in the public gallery when Rhoodie was put into the dock. He was dressed in a brown suit, matching tie. He was handcuffed to a gendarme, and looked tense, under a great deal of pressure. He was holding a small pink folder and his brows were furrowed as he strained to follow the complicated French legal procedures. He looked round to wave at Katie, and saw Rees. They exchanged stiff smiles, and Rhoodie turned away again to face his accusers.

The South African legal team said the issue was a straightforward criminal matter and they were applying for Rhoodie's extradition in terms of an agreement between France and South Africa dating back to the nineteenth century.

Rhodie's defence team claimed that the extradition move was politically inspired, as were the charges he faced in South Africa because they involved secret funds which he had been handling as an agent of the South African Government. The defence also claimed that Rhodie would face other charges, possibly treason, if he was taken back.

The court rejected these claims and granted the extradition order—and Rhodie was flown back to South Africa, as he always travelled, first class. He was put into the upper deck lounge of the airline, guarded by two South African policemen from the Commercial Branch.

He arrived at Jan Smuts Airport on 23 August 1979. A large number of airport personnel gathered round the gangway, as he stepped into the South African sunshine, for the first time since he had gone into exile 10 months ago. He paused at the top of the gangway, stiff, erect, the head high. And then he seemed to sag. The chin came down, his shoulders hunched a little and he walked down to the tarmac.

He was taken to Pretoria and put into the new Pretoria Central Prison—built on the site of the old one, where Rhodie had lived with his father as a boy.

Less than 24 hours after his arrival back in South Africa, Rhodie stood forlornly in the dock in Pretoria.

More than a hundred curious spectators crowded into 'C' court of the historic Palace of Justice, while dozens of people gathered outside on the lawns of Church Square. All were hoping for a glimpse of Pretoria's one-time propaganda hero and the man of whom it had been said by General Hendrik van den Bergh that statues should be erected in his honour; the man whose revelations and escapades had made headlines around the world.

But the Eschel Rhodie they saw standing stiffly before Mr Justice Charl Theron that day to face seven charges of fraud, alternatively theft, involving R83 250 of secret funds from the Department of Information, was not the same confident and charismatic civil servant they had once known.

Wearing the same brown suit that he had worn day after day during his court appearances in France, Rhodie looked gaunt and harrowed. He stared straight ahead at the judge, oblivious to the stares of the men and women who filled the public galleries to overflowing. Few of his friends, family or former collaborators were present to witness his facing of the charges. His daughter, Annemarie, and her student boyfriend to whom she had become engaged less than a week before, Chris Kern, ran a gauntlet of pressmen and the stares of the public when they arrived to give him moral support.

To Rees and Day, it was obvious that Rhodie's life on the run, his experiences in five French jails and his forced return to South Africa had taken their toll; even his swarthy complexion had assumed a prison-like pallor.

The proceedings in Pretoria that day were over within minutes. Judge Theron set down the trial date for 21 September, allowing Rhodie several weeks in which to assemble his legal team and formulate his defence to the 35-page indictment.

The stage was set for a dramatic trial... and Rhodie was led back to Pretoria Central Prison to await his fate.

A few days after Rhodie's appearance, Connie Mulder appeared in the same court—charged with contempt of commission for refusing to give evidence before the Erasmus Commission... and was acquitted.

On 21 September, the Rhodie trial opened in a blaze of publicity. It was to last eight days and details of the charges against him were publicly outlined for the first time. Among them was an allegation of fraud relating to the use of a R33 205 cheque issued from secret funds to purchase a flat in his own name at Plettenberg Bay. Two charges related to the alleged payment of R10 000 each to David Abramson and Stuart Pegg. Another R10 000 count of fraud hinged on a cheque from secret funds which was alleged to have passed into the bank account of his brother, Deneys Rhodie, and which was deposited in Alfeskor Trust, an account earmarked for the three Rhodie brothers. Alfeskor was described in evidence as a front used as a vehicle for secret funds and was ostensibly headed by the former owner of the *Citizen*, Johan van Zyl Alberts.

The first State witness was Abraham 'Braam' Fourie, the defunct Department of Information's secret internal auditor, who gave evidence of his former boss's financial transactions. The State submitted that Fourie had been misled by Rhoodie, but Fourie conceded under cross-examination by Kriegler that records showed that Dr Rhoodie had repaid all amounts advanced to him from secret funds.

Another witness was Captain Johan Kriek, of the Commercial Branch, who testified that in executing a search warrant while working for the Erasmus Commission, he had found a list headed 'survey of most important income' in Rhoodie's home. Dr Rhoodie was away overseas at the time. This list stated that Rhoodie had made a R11 000 profit from the sale of a flat in Plettenberg Bay and that he had borrowed R75 000 from David Abramson. (The State alleged that Rhoodie requisitioned R33 205 for Project Annemarie in January 1976 but that he had then used the money to buy the flat.)

The document also noted that Dr Rhoodie's income during the period 1965 to 1978 amounted to R269 220. Of this, R104 600 came in the form of gifts and donations from Mrs Rhoodie's parents and from her mother's estate. Dr Rhoodie had noted that an amount of R11 000 had not been declared for Donations Tax 'because at that time we were simply not aware of the regulations'.

The list recorded that Rhoodie also transferred R11 000 in savings from the Netherlands to South Africa in 1971. In 1974 he sold a Joshua Reynolds painting in the Netherlands for R9,750. Royalties on several books he had written amounted to about R13 000, some of which he had been paid abroad. The sale of an Anton van Wouw statue to the Standard Bank in 1973 brought in R4 500, and the sale of a Daimler car to the Deputy Secretary for Information, Les de Villiers, brought in R5 000 in 1975.

Dr Rhoodie's net income from his salary from 1972 to 1978 amounted to about R60 000. In 1971-72, he noted, he had received R20 000 from *To the Point* magazine and his gratuity and leave pay on retirement amounted to R41 000. Interest on bank savings amounted to R4 800 and from shares in the Queenswood Development Company he received R3 500. Rhoodie's most important expenditures were listed as the purchase of Jaguar and Mercedes Benz cars, alterations to his home in Pretoria, the purchase of a house in Cape Town, a plot of land at Nature's Valley, shares in a farm and a loan of R20 000 to a brother.

The State called several more witnesses and then closed its case.

The defence team were confident. Now it was Rhoodie's turn . . .

There was an air of expectancy when Rhoodie entered the box for a mammoth session under oath and cross-examination. He stood for hours explaining the complex movements of money he was accused of defrauding from the State, and constantly sipped from a glass of water that the judge's registrar kept filling.

Rhoodie told the court that in January 1976 he had between R55 000 and

R60 000 in cash in the safe of his home; that he had received an interest-free loan of R33 000 from Hubert Jussen, of *To the Point*, and produced a letter to Jussen written in 1976 in which he thanked Jussen for the loan, saying he was anxious to use it to buy a flat in Plettenberg Bay. As security, he wrote, he was sending Jussen eight covers of postage stamps to be sold at any time but not for less than R33 000. The sale would therefore constitute final settlement of the loan. Rhoodie told the court that apart from the R33 000 from Jussen, he had in his safe at the beginning of 1976 another R14 000 in cash from the sale in Zurich of a painting and other cash given to him by his parents-in-law; he explained that he had not kept the money in banks because he felt it would not be wise for a man in his position to walk into a bank at that time and deposit large amounts like R20 000. He said he believed that his judgment had been correct because details of bank records of his brother had been leaked to the English-language press. He also said that in 1975 he had been making certain financial adjustments and converting his assets to cash with a view to retiring from the Department.

Early in January 1976 he had talked with Oscar Hurwitz, a personal friend and anonymous collaborator in projects to improve relations between South Africa and Western Jewry, about projects for the coming year. He had paid R30 000 from his safe to Hurwitz as an advance for work that Hurwitz would undertake in Israel to win support for the *Citizen* newspaper, which also involved attracting advertising. Hurwitz was to cement ties between South Africa and Israel, such as inviting prominent opinion formers to South Africa. The amount of R30 000 had been determined at his discretion and had been paid in the presence of Charles More, an Information official also involved in the Jewish projects. Later he had visited Hurwitz's home and had given him a cheque for R33 205 which he had drawn from the secret state funds. This amount together with a personal cheque for R45, was in payment for the purchase of a flat in Plettenberg Bay from Oscardee Investments, of which Hurwitz was a director. Rhoodie said he made no secret of the purchase of the flat which he later sold for a profit. He had not obtained a receipt for the money advanced to Hurwitz, as Hurwitz specifically did not want any documentation concerning his relations with the Department of Information.

Rhoodie said another project approved by an informal Cabinet committee of three (Vorster, Diederichs and Mulder) had involved the purchase in Britain of Morgan-Grampian. Dr Nico Diederichs, then Minister of Finance, had recommended that he contact David Abramson to make a feasibility study of the purchase. A similar study into the purchase of *Paris Match* had cost R25 000. Abramson agreed to undertake the project, he said, but had insisted on complete confidentiality because he opposed the Government's policies and would only undertake work for the Department which would benefit all the country's peoples. For this British study, Rhoodie said, he had paid Abramson and Stuart Pegg each R15 000, partially from his own funds.

Rhoodie told the court of another secret project which he had told Rees of

in Quito. It involved Betty Pack, the leader of a youth orchestra that visited Israel. Rhoodie described how he had paid her R10 000 through Abramson.

Rhodie's evidence included the production of a letter he had written to Dr Mulder from Quito in January in which he related how his idealism had been shattered and said that after what the Government had done to his wife 'they could all go to hell'. His letter said it appeared as if the 'Vorster camp' had decided to close in on defenceless public servants to save their own skins. 'I was told by legal advisors that if Kruger could not be brought before the court because of the Biko case, then I had no chance of getting Vorster brought before the court', he wrote.

Rhodie told Judge Theron that approval of the decision that 'no rules apply in the psychological and propaganda war' launched by his Department, had come directly from Vorster.

Asked how funds paid to collaborators were accounted for, Rhodie said it was taken into consideration that he had dealings with parliamentarians of Western nations, whose names he would not reveal, and it could not be expected of them to give receipts in the ordinary way. He had to negotiate with them personally and he mostly paid such anonymous collaborators in cash in notes. In dealings with contacts in African countries he had made use of tape recordings and had a secret microphone installed in the handle of his briefcase. He also said he had instructed senior staff in the Department to destroy documents no longer needed or which could be harmful to the State after a discussion with the then Prime Minister, B.J. Vorster.

The Attorney-General questioned Rhodie closely about the Hurwitz transactions, stressing the coincidence between the figures paid to Hurwitz and the amount paid by Rhodie for the Plettenberg Bay flat. He also made great play of the fact that Abramson, Pegg and Jussen were overseas, while Betty Pack, Oscar Hurwitz and Charles More were all dead. (Advocate Kriegler, in his argument at the close of the trial, was to use that argument in Rhodie's favour, saying that Rhodie could hardly have known at the time those transactions were conducted, that these key witnesses, who could substantiate his accounts of the payments, would die.)

Dr Connie Mulder then gave evidence, confirming Rhodie's explanations as to how the secret operations had been conducted and that Hurwitz had been an anonymous collaborator.

But soon after Dr Mulder's cross-examination by Judge Theron, the defence team dropped a bombshell in the court after a lunch adjournment . . . Advocate Kriegler asked Judge Theron to recuse himself from the trial on the grounds that he had had a business and personal relationship with Oscar Hurwitz.

Judge Theron told the court that he did have shares in a block of flats in which Hurwitz was an interested party and that Hurwitz's firm had designed his home. 'I knew the man but not as a friend. He designed my house and we had shares in the same building. I did not know his financial position. My knowledge of him went no further than any other businessman in the community', he said.

Judge Theron said he would give his decision on the application for his recusal the next day.

At 10.00 a.m. the following day, Judge Theron turned down the application and said his business association with Hurwitz went back 23 to 25 years and had no bearing on the case in hand. His questions surrounding Hurwitz were questions which could have been put to any of the other anonymous collaborators mentioned at the trial. He said that while at the Bar it was possible he may have, on occasion, represented Mr Hurwitz. If that was so, his memory had deserted him.

The trial continued, with the defence calling various witnesses, including Casper 'Cas' de Villiers, former director of the disbanded secret front organisation, the Foreign Affairs Association, and Gert Wolmarans, chairman of another front organisation, the Committee for Fairness in Sport.

On 1 October, after hearing five hours of argument by Kriegler, who asked for Rhodie's discharge on all the charges, Judge Theron said he would deliver judgement on 8 October. Rhodie was taken back to Pretoria Central. So confident was he that he would be acquitted, Rhodie sent a message to Rees that he would like two tickets to the Coetzee/Tate fight scheduled for 20 October.

Less than 24 hours before the verdict was passed, Katie Rhodie flew into Jan Smuts Airport from France. And she was sitting grim-faced in the packed Palace of Justice the next morning when Judge Theron entered the court to deliver a mammoth 76-page judgment on her husband's fate. Dr Rhodie had, since his arrest on the Riviera, been in custody for 83 days.

'Unconvincing' and 'unacceptable' were the key phrases Judge Theron used in the several hours that it took him to deal with the charges and Rhodie's explanations. Then he made his finding. Rhodie was guilty on five of the seven charges. He was sentenced to a total of 12 years' imprisonment, but would serve only six as the sentences would run concurrently.

Rhodie stood motionless in the dock, his face expressionless.

Judge Theron, who granted an immediate application for leave to appeal, was asked to grant bail pending the appeal. Rhodie, said the defence, would surrender his passport, report to the police daily at John Vorster Square and assist police who were still in the process of unravelling the affairs of the Department of Information. The judge said he would give his decision the following day. Rhodie, after an emotional embrace with his wife, was again driven off to the cells of Pretoria Central Prison, and Katie Rhodie told Rees: 'I'm shocked—but I cannot show it. I had a feeling, my intuition, that Eschel would need my support. That's why I came back. I'll wait for Eschel for ten lifetimes.'

The following day Rhodie was granted bail of R90 000, subject to various conditions. It was said by legal experts to be possibly the highest since those granted to the accused in the Jameson raid. Rhodie himself was responsible for proving R30 000 of the bail bond, while Dr Connie Mulder and a Pretoria

physician friend of the convicted man, 'Boet' Kloppers, between them guaranteed the balance.

Rhodie, reunited with his wife several hours later, disappeared from Pretoria to 'enjoy a second honeymoon with Katie' and spend his first weeks of freedom in a modest one-bedroom flat near Johannesburg.

And so another chapter in Muldergate ended.

Dr Connie Mulder threw himself into drumming up support for a political comeback.

General Hendrik van den Bergh, who had sat listening intently to the Rhodie trial for several days, returned to his dairy farm not far from Pretoria.

Vorster retired to a modest maisonette in the 'friendly city' of Port Elizabeth.

Myrtle 'retired' into the background again.

Judge Anton Mostert resigned from the Supreme Court early in 1980—following a 'crisis of conscience'.

Rees moved back into the *Rand Daily Mail* newsroom, to work on the unsolved Smit murder case.

And Eschel Rhodie who always said he would rather live like a lion for a day than like a mouse his whole life, now awaits his fate in the Bloemfontein Appeal Court.

The lion had lived his day.